



St Albans
City & District Council

Draft Unaudited

Statement of Accounts 2025/26

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Introduction and Presentation of the accounts

As the Council's S151 Officer I am pleased to present the unaudited Statement of Accounts for St Albans City and District Council for 2025/26.

Linda Parker CIPFA
Assistant Director – Finance
Section 151 Officer
Date 30 June 2026

Narrative Report

District Profile

The District has a population of approximately 148,200 (2021 Census) and is located in South West Hertfordshire. Our District is comprised of historic environment and much Green Belt land (81%), with a thriving modern city, and pretty towns and villages (St Albans, Harpenden, Wheathampstead, Redbourn, London Colney, Colney Heath, Smallford, Park Street, How Wood, Bricket Wood, Chiswell Green and surrounding hamlets).

Our Priorities

Context

Much work was undertaken during 2025/26 to prepare the ground for Local Government Reorganisation expected in 2028. We also undertook a Community Governance Review to see whether any changes to Parish Council arrangements should be made, particularly whether a new Parish Council should be created in central St Albans. Decisions on both are due in Summer 2026.

The Council faced a number of substantial risks, among them significant financial constraints.

Many local people were hit hard by sharp increases in the cost of living and continued to need additional support in greater numbers than before.

During the period, our Local Plan was under examination by the national planning inspectorate to ensure it is sound and meets our needs.

It was against this background that we worked to ensure our priorities, set out below, continued to be delivered.

Support Great Communities

We continued to work hard to ensure local people struggling with the increased cost of living were supported, for example through our work with those facing homelessness and unmanageable debt.

Keeping people safe was a focus through our community resilience work, including our CCTV operations and investment in supporting infrastructure, and our regulatory framework.

The Council continued to streamline and modernise its services and operations to keep them efficient, cost effective, customer focused and fit for the digital age. We also extended our shared services with neighbouring councils to provide additional resilience and efficiency.

We supported community wellbeing and respect for our heritage by continuing to provide first-class leisure, sports and cultural facilities, award-winning parks, markets and museums, and the clean and inviting environment that people expect to live in and visit.

We supported the vibrancy of our economy by bringing footfall to the main shopping areas with new commercial tenants in our key city centre development at Jubilee Square, and via our markets.

Ensuring there are sufficient parking facilities to meet demand, and effective parking management services are also important underpinning services for economic stability, and we continued to develop the parking service through implementation of our parking strategy.

We also continued to explore ways to capitalise on our District's strengths and develop our potential including through our partnership with national bodies such as the Arts Council.

Improve Social Housing Provision

Many local people find they cannot afford to buy or rent in the District. We continued to seek innovative ways to attract funding and deliver new housing.

During the year we completed 14 new properties for social rent at a site in the Sopwell ward of St Albans and progressed a number of others, continuing to make good use of dilapidated former garage sites for development. At Telford Court in St Albans, our only tower block, we reached the next stage of redevelopment through the appointment of a registered provider.

We worked to improve responsiveness to Council tenants and leaseholders through the actions outlined in our Resident Engagement Strategy and neighbourhood improvement plans. In Autumn 2025 we had our first Housing Regulator inspection, gaining a C2 rating, the same as other councils in Hertfordshire. An action plan has been created to help us to develop the service further.

Make the Environment a Priority in all our Decisions.

Our [Sustainability and Climate Crisis Strategy](#) sets out the actions we are taking locally to achieve our net zero carbon emissions target.

During the year, Heat Decarbonisation Plans for the District Offices and Verulamium Museum were completed, and progress made on those for Sandridge Gate Business Centre and St Albans Museum and Gallery.

A new sustainable roof was installed at Verulamium Museum which will improve the efficiency and viability of solar PV installations. We are now progressing

work to design and install a PV array (an interconnected system of multiple solar panels) with delivery planned later in 2026.

Warm Homes Local Grant funding of £1.5m over 3 years, delivered by the National Energy Foundation (NEF), is targeting low-income households with poor energy efficiency. The scheme is now fully underway, and 10 households have so far received measures valued at £170,000. We plan to support a further 76 homes in the run up to 2028.

The Solar Together scheme proved to be popular once again. In 2025/26, 140 homes installed solar panels via the scheme, comprising 1,534 solar panels, and 130 battery systems.

12,000 trees were allocated through the 'Tree Giveaway' scheme, including 4,550 trees planted as new woodland at Abbey View, and 5,800 m² of meadow were reseeded with an enhanced meadow mix.

Further work was done to ensure that our existing Council-owned homes are warm, dry and energy efficient, adopting 'fabric first' measures for existing housing by carefully considering the design and construction of homes to lower their energy consumption. We continued to make good use of Government funding from the Green Homes Deal and Social Housing Decarbonisation Fund to improve energy efficiency and lower carbon emissions in Council-owned homes and buildings.

Treat Everyone with Fairness

Treating everyone fairly is an important cornerstone of our delivery. We continued to implement our [Equality, Diversity and Inclusion Strategy](#) to make sure these remained central to our approach in delivering services and conducting our day-to-day business.

Our values and behaviours – caring for our community, working together, developing confident staff – and our desire to be driven by the needs of local people and trusted as individuals and as a Council – continued to be emphasised in our work. During 2025/26 we developed a new People Strategy to help us attract, retain and develop good people and to underpin our workplace culture and drive organisational performance.

While we continued to develop our use of automated services and AI, we also continued to ensure the needs of those who are less able, including those who are digitally excluded, were carefully considered.

The Council's Financial Performance in 2025/26

General Fund results compared to budget

The General Fund records all income and expenditure relating to the provision of services except amounts that go through the supplementary statements. Supplementary statements include the Housing Revenue Account and the Collection Fund Income and Expenditure Account. The following table shows a comparison between the Council's agreed budget and our actual income and expenditure.

<u>General Fund</u>		Budget	Actual	Variance
	Note	£'000	£'000	£'000
Chief Executive and Policy	(i)	1,873	1,719	-154
Finance, IT, Legal, Customer Services and HR	(ii)	2,380	2,881	501
Democratic & Election Services	(iii)	1,511	1,344	-167
Built Environment	(iv)	-1,236	-1,121	115
Regulatory Services and Parking	(v)	-1,441	-1,786	-345
Public Realm	(vi)	6,371	5,808	-563
Leisure & Museums	(vii)	-340	-410	-70
Planning	(viii)	2,998	2,615	-383
General Fund Housing	(ix)	1,239	2,558	1,319
Central Contingency	(x)	200	0	-200
MRP and Interest	(xi)	4,521	3,488	-1,033
Total General Fund		18,076	17,096	-980
<u>Funded by</u>				
Council Tax		-13,443	-13,443	0
Retained Business Rates		-2,879	-2,790	89
Collection Fund Surplus		-400	-480	-80
New Homes Bonus and Other Grants		-1,854	-1,854	0
Total Income		-18,576	-18,568	9
Contribution from General Balances and				
(Surplus)/Deficit for the Year		-500	-1,471	-971

The significant variances were as follows:

- (i) Favourable variances in non-staffing budgets -£0.1m and staff budgets -£0.05m across a few departments.
- (ii) An adverse variance of £0.7m within Revenue and Benefits, primarily due to increased costs of supported accommodation that are not fully recoverable through housing benefit subsidy. In addition, card processing transaction charges were £0.2m above budget due to higher provider costs. These pressures were partially offset by a favourable staffing

variance of -£0.2m arising from vacancies and -£0.2m lower IT and business systems costs.

- (iii) A favourable variance of -£0.1m on staffing budgets due to vacancies, together with a small underspend on Councillor allowances, election costs and Mayoralty expenditure.
- (iv) Commercial rental income was £0.3m below budget due to leases at Jubilee Square being agreed later than anticipated. This was partially offset by lower business rates (-£0.1m) and utility costs (-£0.1m).
- (v) Favourable on street parking income of -£0.3m, driven by higher Penalty Charge Notice income and Limited Waiting Bay receipts.
- (vi) Additional Extended Producer Responsibility grant income of -£0.5m (offsetting budgeted waste expenditure), together with lower net waste expenditure of -£0.1m. This was partly offset by cemetery income £0.1m below budget due to reduced activity levels.
- (vii) Lower leisure utility costs -£0.2m, partially offset by adverse variance in museums income £0.1m.
- (viii) Planning Fee income -£0.4m higher than budget due to higher volumes of applications.
- (ix) An adverse variance of £1.3m relating to homelessness, reflecting increased case volumes and a higher use of hotel accommodation, which carries a significantly higher unit cost than other forms of provision.
- (x) Central contingency budget of -£0.2m offsetting overspends in homelessness.
- (xi) Favourable treasury variances comprising lower borrowing costs, partly due to the capitalisation of interest on assets under construction, and higher investment income following increased interest rates (-£0.4m). In addition, Minimum Revenue Provision was -£0.6m below budget due to the release of prior year over-provision.

Housing Revenue Account results compared to budget

Housing Revenue Account	Note	Budget £'000	Actual £'000	Variance £'000
Income	(i)	-35,995	-37,596	-1,601
Staff Cost	(ii)	4,065	3,727	-338
Other Expenditure	(iii)	35,134	33,881	-1,253
Net Interest Paid	(iv)	4,495	4,552	57
Contribution from MRR to fund Debt Repayment	(v)	-1,534	0	1,534
(Surplus) / Deficit for the Year		6,165	4,563	-1,602

The significant variances were as follows:

- (i) Income:
 - a) Operational Income: £0.5m from additional lease extensions and service charges from RTB sales, £0.3m higher licence fee income, £0.1m income from tertiary parades and £0.1m net other income
 - b) Grant Income: higher than budget due to statutory accounting rules reflecting £1.3m of grant income for capital projects, where the associated expenditure is shown on the capital programme, £0.7m revenue expenditure funded from capital under statute (REFCUS) expenditure budgeted as capital expenditure but treated in the accounts as revenue
- (ii) Staff Cost: Staffing costs were -£0.3m below budget due to delays in recruitment following a service review.
- (iii) Other Expenditure: Other expenditure was -£1.2m below budget, primarily due to depreciation charges being lower than originally estimated.
- (iv) Net Interest Paid: Net interest payable was in line with budget.
- (v) Contribution from MRR to fund Debt Repayment: The budget assumed a £1.5m contribution from the MRR to support debt repayment. In 2025/26, no contribution was applied for this purpose as the MRR was instead utilised to finance capital expenditure within the Housing Investment Programme.

Capital

In-year Capital Expenditure

Capital expenditure relates to the acquisition of non-current assets or expenditure that adds to (and not merely maintains) the value of an existing asset. The following table shows the capital outturn results for 2025/26 compared to budget and approved capital spend for the following two years.

Continued overleaf

SERVICE	Budget £'000	Actual £'000	Variance £'000
Housing Investment Programme (HRA)	26,163	14,190	(11,973)
Housing Investment Programme (Affordable Housing)	11,034	10,617	(417)
Customer, Business & Corporate	8,034	6,170	(1,864)
Community & Place Delivery	2,479	1,931	(548)
Strategy, Policy & Transformation	646	722	76
Total	48,355	33,630	(14,725)
This Capital Programme was financed as follows:			
Capital receipts (General Fund)	5	22	17
Major repairs reserve	9,036	11,770	2,734
Government grants and third-party contributions	12,570	4,524	(8,046)
Revenue contribution to capital expenditure	54	155	101
Prudential borrowing	22,607	12,437	(10,170)
Capital receipts (Housing)	4,082	4,722	640
Total	48,355	33,630	(14,725)
APPROVED CAPITAL EXPENDITURE FOR THE FOLLOWING YEARS IS:			
	2026/27 £'000	2027/28 £'000	
General Fund	7,308	8,331	
Housing investment programme	20,759	18,533	
Total Capital Expenditure	28,067	26,864	
Financed by:			
Borrowing requirements	11,764	9,809	
Major repairs reserve	9,346	9,271	
Revenue contribution to capital expenditure	107	-	
Grants and contributions	4,622	4,678	
Capital reserves / receipts	2,228	3,106	
Total	28,067	26,864	

The main General Fund capital projects in 2025/26 were:

- £5.8m on the Jubilee Square site commercial space
- £0.6m on the Purchase of Waste & Recycling Vehicles
- £0.5m IT Server upgrade

The General Fund capital project was underspent by £2.3m, the main reasons being:

- £1.32m due to slippage in the fit-out of Jubilee Square commercial space

- £0.20m revised delivery timelines on cemetery improvement plans
- £0.19m relates to extended procurement timelines on the UKSPF funded Public Convenience refurbishment
- £0.12m slippage in the spend on the Planning Development Management System

For all these schemes the budget will be reprofiled into 2026/27

The main Housing capital projects in 2025/26 were:

- £6.4m Decent Homes work
- £5.8m New Social Rented and Temporary Accommodation properties
- £5.2m Social Housing Decarbonisation scheme
- £2.7m Fire Safety Improvements
- £2.2m Telford Court Decommissioning
- £1.9m New Developments

The Housing capital project was underspent by £22.8m, the main reasons being:

- £15.0m reflecting reprofiling of Social Housing Decarbonisation schemes into future years
- £6.4m Slippage in other new social rented schemes
- £0.6m Telford Court decommissioning slower than anticipated

In-year project milestones

During the financial year the Jubilee Square capital project again reached a milestone which triggered a reassessment as at 31 March 2026 of it carrying values, in accordance with Local Authority accounting requirements.

- The commercial units underwent external valuation, leading to an impairment loss of £5.7 million, recognised within *Cost of Services – Customer, Business and Corporate*.
- These units are expected to generate future income in the form of commercial rent, council tax, and non-domestic rates.

Reporting Requirements

These accounting entries were processed in line with statutory requirements ensuring that the financial impact is reflected in the Comprehensive Income & Expenditure Statement.

However, the accounting entries are transferred under statutory requirements from the General Fund and HRA balances to unusable reserves in the “Movement in Reserves statement” meaning that they do not impact on the Council’s useable reserves.

Collection Fund

The Council collects Council Tax for itself and on behalf of several other public bodies.

These are Hertfordshire County Council, the Police and Crime Commissioner for Hertfordshire and Town and Parish Councils. It also collects Business Rates for itself and on behalf of Hertfordshire County Council and Central Government.

The Collection Fund records the income from Council Tax and Business Rates and its distribution.

The Collection Fund had a total deficit for the year of £5.9m (2024/25: £5.4m surplus). This represents a slight increase from previous year. Under the Business Rates Retention Scheme introduced in 2013/14, amounts are paid to precepting bodies on estimates at the beginning of the year. Any over or under payments are accounted for in subsequent year's estimates.

During the year, the Council recorded a net deficit of £2.7m from the Collection Fund in respect of business rates. This is offset by increasing the Business Rates Equalisation Reserve to £2.7m to be applied in future years.

As 31 March 2026, the position was as follows:

	Business Rates £'000	Council Tax £'000	Total £'000
Collection Fund Balance as at 31/03/26 of which:	7,258	(1,363)	5,895
St Albans District Council (surplus)/deficit share	2,921	(161)	2,760

The total deficit is comprised of a deficit in Business Rates of £7.258m. This was partially offset by a surplus in the Council Tax of £1.363m.

Of the total year-end position, St Albans City and District Council's share amounts to £2.760m, consisting of a £2.921m deficit from Business Rates and a small surplus share of £0.161m from Council Tax.

Another key element of the Collection Fund is the estimation of the Business Rates Appeals' provision. This is explained in the Notes to the Collection Fund section.

Pensions

The Pensions liability in the Balance Sheet reflects the underlying commitments that the Council has, in the long term, to pay retirement benefits.

Overall, the pension fund deficit has decreased by £21.2m during the year to £nil (2024/25: increased by £3.5m to £21.2m). This improvement is primarily attributable to changes in actuarial assumptions arising from the latest triennial pension valuation, which was issued during the year using data as at March 2025.

The pension liability has a significant effect on the net worth of the Council. However statutory arrangements for funding the deficit mean the financial position of the Council is not affected. Detailed information on the performance of the Pension Fund is set out in the Core Financial Statements.

Consequent to the Triennial valuation the Council's pension contributions have been reduced to reflect movements from the last such valuation as of March 2022; this change took effect from 1 April 2026.

Note: The values in these accounts are based on the draft report issued by our actuaries. They comment: "Please note that the year-end LGPS asset value included in these draft accounts is based on a net asset statement of the Hertfordshire Pension Fund as at 28 February 2026, which the actuary has projected forward to 31 March 2026 using estimated market returns. The final accounts will be updated to reflect actual asset valuations as at 31 March 2026 once this information becomes available. We note that there has been significant adverse short-term market volatility between 28 February and 31 March 2026, which may result in the final asset valuation being materially different. This short-term market volatility has not affected the LGPS contributions due over the three-year period to 31 March 2029, which have already been formally certified as part of the 2025 triennial funding valuation of the Hertfordshire Pension Fund".

Risks

The Annual Governance Statement provides details about how the Council manages risk. The Council, when it sets the budget, reviews the major risks and the level of reserves that could be used to meet any costs.

The Council's Financial Outlook

The Council's budget for 2025/26 and Medium-Term Financial Plan (MTFP) were approved by Full Council in February 2025.

National Context

The Government introduced the first multi-year settlement in a decade from 2026/27, covering 2026/27 to 2028/29. The introduction of a multi-year

settlement is expected to improve funding certainty and support more effective medium-term financial planning. However, this is offset by the potential impact of funding reform, Business Rates reset, and Local Government Reorganisation, which may lead to changes in funding allocations. As a result, a degree of uncertainty will remain, and the Council will continue to keep its Medium-Term Financial Plan under close review.

Demand for some services has continued to grow. Most noticeably for district councils it is the pressure caused by homelessness and the statutory obligation to provide temporary accommodation which is in short supply and is expensive.

Local Situation

St Albans City and District Council have a track record of sound financial management setting balanced budgets for many years, delivering savings, and making changes to the way it operates that are sustainable and maximise technology. This needs to continue for the foreseeable future. There is a robust approach to budget setting which is continuous throughout the financial year.

The approach to financial management has been refined over the last four years. As inflation and other economic pressures have emerged, a record of risks to the financial forecasts and opportunities for improvements to the budget position has been kept.

In common with other councils with statutory homelessness responsibility, it is almost impossible to predict and manage the demand for this service which makes the expenditure equally unpredictable. Another significant expenditure risk which is hard to predict is that of Planning Appeals for which a reserve has been set aside.

The Council's General Fund General Reserve is £4.3m at the end of 2025/26 which is above the minimum level of £2.5m set for that year.

The Council approved budget for 2025/26 includes a contribution of £0.5m to strengthen our reserves. Low reserves reduce the Council's ability to withstand an unplanned or unexpected event which would give rise to significant financial pressures.

We will keep our MTFP under review and make changes accordingly to reflect the rapidly changing local government environment.

The Government is progressing Local Government Reorganisation in Hertfordshire, with proposals submitted in November 2025 and consultation completed in early 2026. A decision on the preferred structure is expected in summer 2026, with implementation planned for April 2028.

In July 2026, a final decision is expected on the creation of a new parish council for central St Albans, which may have implications for future governance and service delivery arrangements.

Introduction to the Statement of Accounts

The Accounts and Audit Regulations (England) 2015 require the Council to produce a 'Statement of Accounts' each financial year. The Council's accounts have been prepared on an International Financial Reporting Standards basis and may, by necessity, contain technical terminology.

Core Financial Statements

- **Comprehensive Income and Expenditure Statement (CI&ES)** – a summary of the resources generated and consumed by the Council in the year in accordance with generally accepted accounting practices. The format reflects the way we budget and report to management, which is in accordance with revisions to the code of accounting practice.
- **Balance Sheet (BS)** – shows the Council's balances, reserves and long-term indebtedness at the financial year end, and the non-current and net current assets employed in its operations.
- **Cash Flow Statement (CFS)** – shows the changes in cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.
- **Movement in Reserves Statement (MiRS)** – this statement shows the movement in the year on different reserves held by the Council analysed into "usable reserves" (i.e., those that can be applied to fund expenditure or reduce local taxation) and other (unusable) reserves.
- **Expenditure and Funding Analysis (EFA)** – shows how annual expenditure is used and funded from core resources (government grants, council tax, rents and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practice. It also shows how the expenditure is allocated for decision making purposes between the Council's services. Income and expenditure are accounted for under generally accepted accounting practices and is presented more fully in the Comprehensive Income and Expenditure Statement.

Supplementary Statements

- **The Housing Revenue Account (HRA) Income and Expenditure (I&E) Account** – reflects a statutory obligation to maintain a revenue account for the local authority housing service in accordance with Part 6 of the Local Government and Housing Act 1989.

- The first part of the statement shows expenditure on Council housing and how this is met by rents, interest and other income.
- **Collection Fund Income and Expenditure Account** – reflects the statutory requirement for the Council as a billing authority to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates and Council Tax, and illustrates the way in which these have been distributed to the major precepting bodies, namely the Department for Communities and Local Government, Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire.

Other Statements

- **Statement of Responsibilities for the Statement of Accounts** – this outlines the responsibilities of the Council and the Strategic Director - Customer, Business and Corporate Support with respect to the Statement of Accounts.
- **The Auditor's Report** – this is the independent Auditor's report to members of the Council including the Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the use of resources. Recent Government announcements have been clear that dealing with the backlog of external audits at virtually all councils is a priority, and a process of issuing "disclaimed" opinions is now in place. Once received this will be published as a separate document and a revised set of accounts will be issued.
- **The Annual Governance Statement** – this gives a public assurance that the Council has proper arrangements in place to manage its affairs. It summarises the Council's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those controls.

About this Statement of Accounts

The Statement of Accounts provides information about how the Council has used its financial resources during the year and its financial position at year end.

These accounts have been prepared in accordance with two financial codes.

- The first is the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (The Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code constitutes a “proper accounting practice” under the terms of Section 21(2) of the Local Government Act 2003.
- The second is the Service Reporting Code of Practice for Local Authorities (SeRCOP) 2025/26, supported by International Financial Reporting Standards (IFRS). In England and Wales, The Code constitutes a “proper accounting practice” under the terms of Section 21(2) of the Local Government Act 2003.

Further information

The Council welcomes the views of residents, businesses, user groups, and other stakeholders about our performance.

If you would like to receive further information about these accounts, please contact us at contactus@stalbans.gov.uk, telephone 01727 866100.

Statement of Responsibilities

The Authority is required to:

- **Decide** for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Assistant Director of Finance and Section 151 Officer.
- **Manage its affairs** to secure economic, efficient, and effective use of resources and safeguard its assets.
- **Approve the Statement of Accounts** (by delegation to the Audit and Governance Committee).

Responsibilities of the Assistant Director of Finance and Section 151 Officer

The Assistant Director of Finance and Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom referred to as 'The Code'.

In preparing this Statement of Accounts, the Assistant Director – Finance and Section 151 Officer have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Accounts

I confirm that these draft Statement of Accounts presents a true and fair view of the financial position of the Council 31 March 2026 and of its expenditure and income for the year then ended.

Linda Parker CIPFA

Assistant Director – Finance and Section 151 Officer

Date 30 June 2026

Jonathan Flowers

Independent Chair of Audit & Governance Committee

Date (only applicable to audited version)

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded by taxation or rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis.

2024/2025				2025/2026		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
			Directorates			
37,266	(24,085)	13,181	Customer, Business and Corporate	28,580	(20,460)	8,120
33,754	(20,477)	13,277	Community and Place Delivery	46,276	(35,654)	10,622
2,116	(639)	1,477	Strategy Policy and Transformation	2,161	(554)	1,607
35,011	(36,232)	(1,221)	Housing Revenue Account (i)	37,514	(39,254)	(1,740)
108,147	(81,433)	26,714	Cost of Services	114,531	(95,921)	18,609
		18,239	Other operating expenditure			1,235
		4,886	Financing and investment income and expenditure			7,036
		(28,437)	Taxation and non-specific grant income			(24,686)
		21,402	(Surplus)/deficit on Provision of Services			2,194
		(23,595)	(Surplus)/Deficit on revaluation of PPE			11,814
		4,188	Actuarial (gains)/losses on pension assets/liabilities			(19,889)
		(19,407)	Other Comprehensive (Income) and Expenditure			(8,075)
		1,995	Total Comprehensive (Income) and Expenditure			(5,881)

- i. The Housing Revenue Account is a ring-fenced account for Council tenants, which has a separate section in the Financial Statements.

The accompanying notes form an integral part of these financial statements.

Balance Sheet at 31 March 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

31 March 2025 £'000		Note	31 March 2026 £'000
928,884	Property Plant and Equipment	12	913,689
6,936	Heritage Assets	13	7,592
5,718	Investment Properties	14	5,415
180	Right-of-use Assets	36	113
190	Intangible Assets		667
105	Long term debtors		106
942,013	Long Term Assets		927,582
1,294	Assets Held for Sale	17	2,776
5,002	Short Term Investments	15	-
105	Inventories		80
8,564	Short Term Debtors	16	10,858
13,959	Cash and Cash Equivalents	18	6,724
28,924	Current Assets		20,438
(31,030)	Short Term Borrowing	15	(90,236)
(30,402)	Short Term Creditors	19	(17,972)
(583)	Short term provisions	20.2	(1,547)
(62,015)	Current Liabilities		(109,755)
(21,199)	Pension Liability	28	-
(171,812)	Long term borrowing	15	(118,578)
(1,185)	Other Long term Liabilities and Provisions	20	(1,378)
(6,212)	Capital Grants Receipts in Advance	27	(3,917)
(200,408)	Long Term Liabilities		(123,873)
708,514	Net Assets		714,392
(38,401)	Usable Reserves		(35,835)
(670,113)	Unusable reserves	21	(678,557)
(708,514)	Total reserves		(714,392)

The net assets of the Council are matched by the reserves held by the Council.

1. **Usable reserves** – those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any

statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

2. **Unusable reserves** – those that the Council cannot use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

2024/25			2025/26
£'000		Notes	£'000
(21,402)	Net surplus or (deficit) on the provision of services		(2,196)
93,019	Adjustment to net surplus or deficit on the provision of services for non-cash movements	29	15,364
(39,348)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	30	406,085
32,269	Net cash flows from Operating Activities		419,253
6,731	Investing Activities	31	(438,316)
(32,645)	Financing Activities	32	11,827
6,355	Net increase or decrease in cash and cash equivalents		(7,235)
7,604	Cash and cash equivalents at the beginning of the reporting period		13,959
13,959	Cash and cash equivalents at the end of the reporting period		6,724

The accompanying notes form an integral part of these financial statements.

Movements in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax and rents for the year. The 'Net increase/ decrease' line shows the statutory General Fund Balance and Housing Revenue Account Balance following those adjustments and after any discretionary transfers to or from earmarked reserves undertaken by the Council.

2025/2026	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1st April 2025	(2,804)	(4,088)	(9,429)	(14,472)	(5,295)	(2,135)	(178)	(38,401)	(670,113)	(708,515)
Movements in year										
Total Comprehensive Income & Expenditure	3,517		(1,321)					2,196	(8,075)	(5,879)
Adjustments between accounting basis & funding basis under regulations (note 6)	(6,936)		5,885		(756)	2,156	21	370	(370)	-
Earmarked Reserves transfers	1,948	(1,948)	-	22		(22)		-		-
Net (Increase)/Decrease	(1,471)	(1,948)	4,564	22	(756)	2,134	21	2,566	(8,445)	(5,879)
Balance as at 31 March 2026	(4,275)	(6,036)	(4,865)	(14,450)	(6,051)	(1)	(157)	(35,835)	(678,558)	(714,394)

2024/2025	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1st April 2024	(2,392)	(5,944)	(4,248)	(8,387)	(8,083)	(1,217)	(181)	(30,452)	(680,058)	(710,510)
Movements in year										
Total Comprehensive Income & Expenditure	24,540		(3,138)					21,402	(19,407)	1,995
Adjustments between accounting basis & funding basis under regulations (note 6)	(23,095)		(8,128)		2,788	(918)	3	(29,350)	29,352	2
Earmarked Reserves transfers	(1,857)	1,856	6,085	(6,085)				(1)		(1)
Net (Increase)/Decrease	(412)	1,856	(5,181)	(6,085)	2,788	(918)	3	(7,949)	9,945	1,996
Balance as at 31 March 2025	(2,804)	(4,088)	(9,429)	(14,472)	(5,295)	(2,135)	(178)	(38,401)	(670,113)	(708,514)

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

The accompanying notes form an integral part of these financial statements.

Notes to the Accounts

1. Accounting Policies

1.1 General Policies

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end 31 March 2026. It is prepared under the going concern basis of accounting. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

1.2 Accruals of Income and Expenditure

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

- **Interest** is receivable on investments and payable on borrowings and is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

The only exception to this is Housing Benefit Payments, which are recorded on a cash basis.

1.3 Principal and Agent accounting policy

For most transactions, the Council undertakes it is acting entirely on its own behalf and completely owns any risks and rewards of the transactions. This is known as the Council acting as a 'Principal'.

However, there are some situations where the Council is acting as an Agent, that is the Council is acting as an intermediary for all or part of a transaction or service.

The two main instances where this occurs are in relation to Council Tax and Business Rates where the Council is collecting Council Tax and Business Rates income on behalf of itself and its precepting bodies (Hertfordshire County Council, the Police and Crime Commissioner for Hertfordshire and Parish/Town Councils in relation to Council Tax and the Ministry of Housing Communities & Local Government, Hertfordshire County Council in relation to Business Rates).

Thus, at year end, any balance sheet balances in relation to these Agent relationships are split between the Council and its precepting bodies and, therefore, the balances contained in the Balance Sheet for a particular debt are the Council's own proportion of the debt and associated balances. The proportions of transactions that relate to the other parties to the relationship are shown separately as amounts due from/to the precepting bodies.

1.4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three calendar months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Electronic payments made or received are not recognised as adjustments in cash until they are processed and the cash in transit has settled in the relevant bank account, in line with IFRS 9 Financial Instruments.

1.5 Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding Non-Current Assets during the year.

- Depreciation attributable to the assets used by relevant service.
- Revaluation and impairment losses on assets used by services where there are no accumulated gains in the revaluation reserve against which losses can be written off.
- Amortisation of intangible non-Current Assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction of its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision for the General Fund and for HRA Balances by way of an adjusting transaction with the Capital Adjustment in the Movement in Reserves Statement for the difference between the two. The only exception to this is non-dwelling assets held by the HRA, where the revaluation and impairment losses are not reversed to the Capital Adjustment Account.

1.6 Employee Benefits

1.6a Benefits Payable During Employment

The Accounting arrangements for Employee Benefits are covered by IAS 19. Short-term employee benefits are those expecting to be settled within 12 months of the year-end. They include wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year in which the employee renders the service to the Council.

Short term employee benefits earned by the employees but not taken before the year-end, which can be carried forward into the next year is mainly untaken leave. The Council has a policy of not carrying forward leave except for exceptional circumstances and therefore the value of untaken leave at year-end is not material to the accounts and no accrual is made.

1.6b Termination Benefits

Termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accrual's basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs of a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Employment Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.6c Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme administered by Hertfordshire County Council. The scheme provides defined benefits to members (retirement lump sum and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

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

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and the projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the Hertfordshire pension fund attributable to the Council are included in the Balance Sheet as their fair value:
 - **Quoted securities** – current bid price
 - **Unquoted securities** – professional estimate
 - **Unitised securities** – current bid price
 - **Property** – market value

The change in the net pension's liability is analysed into the following components:

- **Service Cost comprising:**
 - **Current service costs** – increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employee worked.
 - **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - **Net interest** on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- **Remeasurements comprising:**
 - ***The return on plan assets*** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - ***Actuarial gains and losses*** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - ***Changes in the degree*** to which required past service contributions give rise to an additional liability. Consequent to the Triennial valuation in March 2025, there is no such liability and the future needed for such payments is not scheduled to be reviewed until the Triennial review for March 2028.
 - ***Application of an asset ceiling*** – A surplus should only be recognised to the extent that an authority is able to recover the surplus either through reduced contributions in the future, or through refunds. The council does not believe it will be able to achieve this with the current surplus.
- Contributions paid to the Hertfordshire pension fund – cash paid as employer's contributions to the Local Government Pension Scheme.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserves to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

A negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being able to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

1.7 Events after the Balance Sheet date

Events after the Balance Sheet date are those events, either favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue. The two types can be identified:

- **Adjusting events** – those that provide evidence of conditions that existed at the Balance Sheet date and materially affect the amounts included. The Statement of Accounts is adjusted to reflect such events.
- **Non-adjusting events** – those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

1.8 Financial Instruments

1.8a Financial Liabilities

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

For all the Council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

1.8b Financial Assets

In line with IFRS 9, all debtor categories have been classified as being measured at amortised cost, as they are held on a "hold to collect" basis and would not be sold on an open market so have no market value. This also applies to Cash which is the Council's only other type of financial asset.

Assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at their fair value.

They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Impairment loss is recognised for all financial assets where the Expected Credit Loss model can be applied in accordance with IFRS 9. This means only financial assets where the counterparty is Central Government or a local authority (this includes council tax and NNDR) will be exempt.

There are several ways to calculate the Expected Credit Loss Allowance. The simplified approach has been used as there are no significant financing elements in any of the Debtors' figures. This means the credit losses have been calculated over the lifetime of the debt rather than 12 months.

1.9 Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.10 Heritage Assets

A tangible Heritage Asset is a physical asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

The Council's Heritage Assets can be categorised as follows:

- Land and buildings
- Artefacts
- Sculptures, and war memorials
- Civic regalia and chains of office
- Ancient walls and ruins

There are very few acquisitions or disposals. Acquisitions are initially recognised at cost, and donated assets at insurance valuation.

1.10a Land and Buildings

Heritage Property is often operational. Where this is the case, the asset remains in its operational category and is not separately identified as Heritage Property. These assets are included in the appropriate Property Plant and Equipment or Investing Property category.

Property Heritage Assets that are not operational are identified separately on the face of the Balance Sheet as 'Heritage Assets'. The assets are re-valued as needed on a depreciated replacement cost basis as no market exists for such assets.

These assets are deemed to have an indeterminate life and high residual values, and the Council does not consider it necessary to provide for depreciation.

1.10b Artefacts

Cost information for artefacts is not available, and the Council is of the opinion that the cost of obtaining valuations for these assets, due to their unique nature, would be disproportionate to any benefit derived.

1.10c Sculptures and War Memorials

These assets are re-valued at insurance values (replacement cost). They are deemed to have an indeterminate life and high residual values, and the Council does not consider it necessary to provide for depreciation.

1.10d Civic Regalia and Chains of Office

The chains of office and general civic regalia are valued on the basis of the insurance replacement cost. The values are reviewed every five years. These assets are deemed to have an indeterminate life and high residual values, and the Council does not consider it necessary to provide for depreciation.

There are very few acquisitions or disposals. Acquisitions are initially recognised at cost, and donated assets at insurance valuation.

1.10e Ancient Walls and Ruins

St Albans is rich with ancient remains, and these include Roman Walls, archaeological gardens and ruins. These have no intrinsic value.

The Council has made appropriate disclosures for these assets not recognised on the Balance Sheet.

1.11 Investment Property

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation such as shops and offices let to other organisations. Where an asset is used for an operational purpose, i.e. to facilitate the delivery of services or production of goods or is held for sale, it will be considered as Property Plant and Equipment. Also, if the asset is only partially used for operational purposes it will still be classified as Property Plant and Equipment and not an Investment Property.

Investment Properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued where it is considered there has been a material change in value. All Investment Properties are reviewed every year to establish which may have been subject to a material change and those identified as such are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

1.12 Leases

The Council adopted IFRS 16 Leases with effect from 1 April 2024. At the inception of a contract, the Council assesses whether a contract contains a lease. Where the Council is lessor, leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are operational leases.

Charges to Revenue and Statutory Reversals – The ROU assets are depreciated on a straight-line basis over the shorter of the asset's useful life or the term of the lease. This resulting depreciation charge debited to the relevant service line within CIES (Comprehensive Income and Expenditure Statement).

Under local government statutory framework, depreciation not permitted to charge against the General Fund baseline. ROU asset depreciation is reversed out of General Fund Balance via the MiRS (Movement in Reserves) and credited directly to the Capital Adjustment Accounts (CAA).

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

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

1.12a The Council as Lessee

A right of use of the asset and the corresponding lease liability is recognised at commencement of the lease.

In 2024/25, the Council commenced applying IFRS 16 Lease accounting as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e., without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability were brought into the balance sheet on 1 April 2024. Leases for items of low value and lease that expire on or before 31 March 2025 are exempt from the new arrangements.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the

Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method.

It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The Council as Lessee – A Right-of Use-Asset (ROU)

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or normal payments and removes the previous classifications of operating and finance leases for lessees.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. In view of the negligible value of right of lease assets, the Council has opted to hold these on a Historic Cost basis and not to routinely revalue them.

The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets (value when new less than £10,000) are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

1.12b The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying

amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.13 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.14 Property, Plant and Equipment

Assets that have physical substance and are held for use in production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Council does not capitalise small value items (under £10k) unless the items can be grouped together to create an asset group over £10k, for example computer equipment. Items not capitalised are charged as an expense when incurred.

1.14a Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with them will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to the potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are moved from "under construction" to "in-use" at the point the asset is capable of being used for its intended purpose.

1.14b Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- **Infrastructure and Assets Under Construction** – historical cost (for infrastructure this is depreciated). New acquisitions and completed Assets Under Construction are held at historic cost in the year and selected for mandatory valuation in the subsequent financial year.
- **Dwellings** – current value determined using the basis of existing use value for social housing (EUV-SH).
- **Vehicles, plant and equipment** – historical cost is used as a proxy for current value in existing use on the grounds of materiality.
- Information regarding the historic cost of **Community Assets** is limited and of immaterial value. Given their nature, the Council does not consider that a commercial value should be placed upon Community Assets. Any cost to

do so would not be commensurate to the benefit to users of the accounts. The Council's policy is therefore to hold all Community Assets at £nil value and not to disclose on the balance sheet,

- **All other assets** – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

Where Component Assets such as kitchens and boilers are installed in the Council's single dwelling council houses these are treated in the same manner as for decreases in value. This is to recognise that such assets are being replaced around the end of their useful lives. Due to this, a dedicated approach to depreciation is used, as described below. This results in the cost of the component about to be replaced being effectively fully depreciated at the time of replacement. Thus, the addition is value maintaining, rather than value adding, despite accounting rules identifying it as an addition. For many years, the council has therefore taken a cost charge to the HRA Income and Expenditure statement (I&ES) to recognise this. From 2020/21 we offset this cost against any available revaluation reserve for the property and then charge the HRA I&ES net Cost of Services when no revaluation reserve is available for that property.

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

1.14c Indexation

The Council operates a 5-year rolling programme for the valuation of Other Land and Buildings. From 1 April 2026, following changes to the Accounting Standards, where land and building assets have not been revalued, the Council applies an appropriate index to individual asset bases to approximate the impact of the change in value not applied because these assets were not revalued in the year.

1.14d Impairment

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

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

- Using any balance of revaluation gain for the asset in the Revaluation Reserve, the carrying amount of the asset is first written down against the balance (up to the amount of the accumulated gain); and then
- If there is still an impairment reduction to be applied, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.14e Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Council dwellings are depreciated based on their components, where appropriate as follows:
 - Land: no depreciation
 - Structure: 100 years
 - Roof: 70 years
 - Windows: 30 years

- Internal components: 15 to 40 years
- Other buildings: 30 to 60 years
- Vehicles, plant and equipment: 3 to 35 years
- Infrastructure: 5 to 20 years.
- Finance Leases – over the life on the underlying asset or over the life of the lease where there is no option to acquire the asset at the end of the lease.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Depreciation is not charged in the year of acquisition.

HRA dwellings are classified into type and size of building. The components were reviewed and updated during 2020/21; During 2025/26 the split of components was reviewed and it was determined that changes were not necessary.

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.

In relation to the 2025/26 Indexation – Depreciation treatment, the Council adopts the elimination method when applying indexation. Under IAS 16, accumulated depreciation is written off against the gross carrying amount before the asset is restated to its revised current value.

1.14f Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

1.14g Donated assets

Donated Assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Asset Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

It should be noted that at present the Council has one donated asset.

1.15 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the estimation of likely settlement as at the Balance Sheet date.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service account.

Provisions for bad or doubtful debts are included within debtors on the Balance Sheet and not in the provisions figure. Known uncollectable debts have been written off.

1.16 Contingent Liabilities

A Contingent Liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 37.

1.16a Contingent Assets

A contingent Asset arises where an event has taken place 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 control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be inflow of economic benefit or service potential.

1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked Reserves are created by appropriating amounts out of the General Fund and HRA Balances in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year in the Comprehensive Income and Expenditure Statement. The Earmarked Reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for expenditure.

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

1.18 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.19 Value Added Tax (VAT)

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

1.20 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset are capitalised and form part of the cost of that non-current asset.

Qualifying assets are defined as schemes which will take at least 18 months to be completed, and the scheme costs are at least £0.1m.

Where the Council borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Council applies a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs that are outstanding during the period.

The amount of borrowing costs capitalised will not exceed the amount of borrowing costs incurred during the period.

The commencement of capitalisation begins when all the following are met:

- Expenditure in respect of the asset is incurred.
- Finance costs in respect of the asset are incurred; and
- Activities that are necessary to develop an asset are in progress.

Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation is suspended during periods in which active development is interrupted.

1.21 Council Tax and Non-domestic Rates

The Council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, 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 the legislative framework for the collection fund, the Council, major preceptors 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.

1.21a Accounting for council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (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 Council's 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 council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and 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 the 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 in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.22 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. These are described further in Note 3 'Assumptions about the future and other major sources of estimation uncertainty'.

2. Accounting Standards that have been issued but have not yet been adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published and will be introduced by the 2026/27 Code of Practice of Local Authority Accounting in the United Kingdom are disclosed below in accordance with the requirement of paragraph 3.3.4.3 of the Code:

- **FRS 102:** The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland – amendments in relation to Heritage Assets,
- **IFRS 9 & 7:** Financial Instruments and Financial Instrument Disclosures – amendments to the classification and measurements of Financial Instruments.
- **Annual improvements to IFRS accounting standards Volume 11** issued in July 2024, these minor clarifications were adopted by the UKEB in early 2025 and are also effective for the periods beginning on or after 1 January 2026.
- **IFRS 9 & 7:** Financial Instruments & Financial Instrument Disclosures – amendments to contracts referencing nature-dependant electricity.

The other new standards are not relevant to the council. These changes are not expected to have a material effect on the Council's 2025/26 accounts.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

Valuation of Property, Plant and Equipment (PPE)

The use of valuations for Land and Buildings introduces inherent uncertainty into the carrying amounts reported in the financial statements. Valuations are undertaken in accordance with the RICS “Red Book” Global Standards and the CIPFA Code of Practice on Local Authority Accounting.

Significant sources of estimation uncertainty include:

1. **Comparability of evidence:** Valuations rely on comparison with similar properties within and outside the district. No two properties are identical, and differences in characteristics, location and (where relevant) rental yields require professional judgement as to adjustments. adjustments introduce estimation uncertainty.
2. **Use of Depreciated Replacement Cost (DRC):** For certain specialised assets—such as sports centres—market-based evidence is not considered suitable. DRC is therefore used, based on asset size, standardised rebuild costs per square metre, and estimated total and remaining useful life. These inputs require professional judgement and materially affect the resulting valuation.
3. **Beacon based valuation of HRA dwellings:** The Council values approximately 240 Beacon properties on a rolling five-year cycle. All other dwellings are valued by reference to these Beacons, adjusted for location, size and other characteristics. The selection of Beacons and the mapping of other dwellings to them involve professional judgement.
4. **Social housing discount:** A statutory adjustment is applied to reflect the lower value of dwellings subject to social housing tenancies. The size of this discount is based on professional judgement and materially affects the valuation of HRA single dwellings.

Indexation

In accordance with the CIPFA Code, the Council applies indexation to asset values to ensure they are materially updated for changes in the relevant variables. The choice of indices is based on expert guidance, with judgement and decision made by the valuer using information supplied by the finance team. Indexation is described by CIPFA, as “Indexation is an approximation of market changes – it is not a valuation of a specific asset.” Indices in use cover a wider area than just the District, so are not reflective of any movements in value unique to the District.

Useful lives of PPE

Depreciation charges depend on the estimated remaining useful lives of assets. These estimates are based on inspection, condition, an expectation that they will be maintained and other relevant factors. The Council’s capital programme

supports the assumption that assets will continue to be maintained to the standard implicit in the assigned useful lives.

For HRA dwellings, each major component (e.g. kitchens, bathrooms, roofs) is assigned a separate useful life.

The component splits are standardised by dwelling type and size, informed by National Housing Federation guidance, the St Albans Stock Condition Survey and the Local Authority Accounting Panel (LAAP) bulletin.

Fair Value measurement of investment properties and financial assets and liabilities

When fair values cannot be measured using quoted prices in active markets (Level 1 inputs), the Council uses valuation techniques based on the best available data. Where observable inputs are not available, the Council engages qualified external valuers to determine the most appropriate value.

The Council uses discounted cashflow (DCF) and, where appropriate, depreciated replacement cost (DRC) models to measure the fair value of certain financial assets and liabilities. Significant unobservable inputs include:

1. **Investment properties:** Assumptions regarding rent growth, vacancy levels, regional factors and comparable evidence. The limitations on comparators described for PPE valuations apply equally to investment properties. All investment properties are valued on a fair value basis; DRC is not used for these assets.
2. **Discount rates:** Discount rates applied to investment properties and certain financial assets incorporate professional judgement.

Significant changes in any of these unobservable inputs would result in materially higher or lower fair value measurements.

Heritage Assets

The council has made judgements about which assets to classify as heritage assets, by judging whether those assets that are non-operational have artistic, culture and environmental qualities. The accounting standards allow wide discretion over how to value heritage assets. The Council has made the judgement to value heritage assets using professional external valuations and insurance values on specific assets, where possible.

Pensions liability

Estimation of the Council's unfunded liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which

salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Full details are set out in note 28.

The effects on the net pension's liability of changes in individual assumptions cannot be precisely calculated. The assumptions interact in complex ways including the impact of interest rates. During 2025/26, the Council's actuaries advised that the net pensions liability decreased by £21.2m to £nil (2024/25: increased by £3.5m to £21.2m). The liabilities portion includes an asset ceiling amount of £17.9m (2024/25: £35.6m). This reflects, for 2025/26, that the surplus is unlikely to be repayable. For 2024/25 it also reflects an allowance for committed future minimum payments to the Pension fund that were identified during the last Triennial valuation in 2022. The 2025 Triennial valuation did not require these payments to be continued.

The asset ceiling and, if applicable, future minimum payment requirements exist to improve the security of the post-employment benefit promise made to members of an employee benefit plan. These funding requirements may limit the ability of the entity to reduce future contributions to the extent that the contributions payable will not be available after they are paid into the plan.

Business rates appeals provision

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2025/26 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to 31 March 2026. It is unknown how many of the outstanding appeals will be successful, though estimation techniques have been applied to the outstanding appeals using historic success rate data and the latest Valuation Office (VAO) ratings list of appeals.

The total provision for appeals is £6.92m (2024/25 £4.04m) and the Council's share held in the Balance Sheet is £2.77m (2024/25 £1.62m). The increase in total provision from last year is £2.88m (£1.15m for the Council).

If business rate appeals were to increase significantly, the provision would have to be reassessed and any increase in liability would be shared between the Council, Central Government and Hertfordshire County Council.

The Council has taken independent advice on the level of provision required and considers the provision to be reasonable, considering the recent Business Rates reset, ongoing volatility in the rating list, and uncertainty arising from appeals activity and valuation changes.

4. Events after the Balance Sheet date

This statement of accounts was authorised for issue by the Assistant Director – Finance on the date set out on page 19. 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 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Expenditure and Funding Analysis (EFA)

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

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CI&ES).

Expenditure and Funding Analysis 2025/26	Net Expenditure Chargeable to the General Fund Balance £'000	Net Expenditure Chargeable to the HRA Balance £'000	Adjustments relating to internal management reporting £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Customer, Business and Corporate	6,886		3,577	(4,811)	8,120
Community and Place Delivery	7,902	-	-	(2,720)	10,622
Strategy Policy and Transformation	1,396		-	(211)	1,607
Housing Revenue Account		(14,207)	4,638	(17,105)	(1,740)
Net Cost of Services	16,184	(14,207)	8,215	(24,847)	18,609
All other Income and Expenditure	(19,605)	18,771	(8,215)	23,795	(16,415)
Rounding					-
Deficit/(surplus) on Provision of Services	(3,421)	4,564	-	(1,052)	2,194
	General Fund	HRA	Total		
Opening Reserves Balances at 1st April	(6,892)	(23,901)	(30,793)		
(Surplus)/deficit in year	(3,421)	4,564	1,143		
Closing Reserves Balances at 31 March	(10,313)	(19,337)	(29,650)		

Expenditure and Funding Analysis 2024/25	Net Expenditure Chargeable to the General Fund Balance £'000	Net Expenditure Chargeable to the HRA Balance £'000	Adjustments relating to internal management reporting £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Customer, Business and Corporate	6,843	-	3,051	(9,389)	13,181
Community and Place Delivery	9,958	-	-	(3,319)	13,277
Strategy Policy and Transformation	1,199	-	-	(278)	1,477
Housing Revenue Account	-	(25,303)	(1,579)	(22,503)	(1,221)
Net Cost of Services	18,000	(25,303)	1,472	(35,489)	26,714
All other Income and Expenditure	(16,555)	14,038	(1,472)	4,267	(5,312)
Rounding					-
Deficit/(surplus) on Provision of Services	1,445	(11,265)	-	(31,222)	21,402
	General Fund	HRA	Total		
Opening Reserves at 1 April	(8,335)	(12,635)	(20,970)		
(Surplus)/deficit in year	1,445	(11,265)	(9,820)		
Closing Reserves at 31 March	(6,890)	(23,900)	(30,790)		

Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts

2025/26	Adjustments for Capital Purposes £000's	Net change for the Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
Adjustments from General Fund & HRA to arrive at the Comprehensive Income and Expenditure Statement amounts				
Directorates				
Customer, Business and Corporate	(4,983)	173	-	(4,811)
Community and Place Delivery	(3,494)	773	-	(2,720)
Strategy Policy and Transformation	(211)	-	-	(211)
Housing Revenue Account	(17,469)	364	-	(17,105)
Net Cost of Services adjustments	(26,157)	1,310	-	(24,847)
Non Cost of Services	25,481	-	(1,686)	23,795
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement	(676)	1,310	(1,686)	(1,052)
Surplus or Deficit on the Provision of Services				

2024/25 Adjustments from General Fund & HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000's	Net change for the Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
Directorates				
Customer, Business and Corporate	(9,727)	338	-	(9,389)
Community and Place Delivery	(3,534)	215	-	(3,319)
Strategy Policy and Transformation	(308)	30	-	(278)
Housing Revenue Account	(22,613)	110	-	(22,503)
Net Cost of Services adjustments	(36,182)	693	-	(35,489)
Non Cost of Services	2,383	-	1,884	4,267
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(33,799)	693	1,884	(31,222)

Explanation of adjustments

i. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals and transfers of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing 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.
- **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 receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

ii. Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *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** — the net interest on the defined benefit liability is charged to the CIES.

iii. Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- 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 national non-domestic rates (NNDR) 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.

Adjustments Relating to Internal Management Reporting

Adjustments Relating to Internal Management Reporting 2025/26	Interest £'000	MRP £'000	RCCO £'000	Trading Accounts £'000	Total £'000
Customer, Business and Corporate	818	2,666	-	93	3,577
Community and Place Delivery	-	-	-	-	-
Strategy Policy and Transformation	-	-	-	-	-
General Fund Total	818	2,666	-	93	3,577
HRA Total	4,552	-	86	-	4,638

Adjustments Relating to Internal Management Reporting 2024/25	Interest £'000	MRP £'000	RCCO £'000	Trading Accounts £'000	Total £'000
Customer, Business and Corporate	(115)	2,957	269	(60)	3,051
Community and Place Delivery	-	-	-	-	-
Strategy Policy and Transformation	-	-	-	-	-
General Fund Total	(115)	2,957	269	(60)	3,051
HRA Total	4,421	(6,000)	-	-	(1,579)

Note: Information presented to management is in a format to enable a quick and easy assessment of performance against the approved budget. There are a number of items that are reported to management as part of their service income and expenditure that are not included in Service Expenditure in the Comprehensive Income and Expenditure Statement (as required by generally accepted accounting practice). These are interest, Minimum Revenue Provision (MRP) and Revenue Contribution to Capital Outlay (RCCO).

Segmental income

2024/2025 £'000	Segmental Income	2025/2026 £'000
	Directorates	
(34,827)	Customer, Business and Corporate	(31,710)
(21,172)	Community and Place Delivery	(36,356)
(3,498)	Strategy Policy and Transformation	(3,415)
(41,095)	Housing Revenue Account	(41,018)
(100,592)	Total Income analysed on a segmental basis	(112,499)
(25,825)	Non-segmental	(24,996)
(126,417)	Total Income	(137,496)

Expenditure/Income by nature

2024/2025 £'000		2025/2026 £'000
	Income	
(55,744)	Fees, charges & other service income	(71,105)
(161)	Other capital receipts and income	-
(14,179)	Support Service recharge income	(14,764)
(2,105)	Interest and investment income	(1,112)
(17,020)	Income from council tax	(17,681)
1,541	Income from business rates	590
(38,749)	Government grants and other contributions	(33,425)
(126,417)	Total Income	(137,497)
	Expenditure	
21,372	Employee benefits expenses	21,810
55,183	Other Service Expenses	69,471
13,695	Support Service recharge expenditure	14,948
48,562	Revaluation gains, depreciation, amortisation and impairment	24,879
6,216	Interest payments	6,115
748	Pension adjustment	1,101
3,830	Precepts and levies	4,077
-	Payments to Housing Capital Receipts Pool	-
(1,787)	Gain or Loss on Disposal of Fixed Assets and derecognition of replaced asset components	(2,713)
147,819	Total expenditure	139,688
21,402	(Gain)/Loss on the Provision of Services	2,191

6. Adjustments Between Accounting Basis and Funding Basis Under Regulations

Combined Reserves Table note

Adjustments between accounting basis and funding basis under regulations	Usable reserves					Movement in Unusable Reserves
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserves £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	£'000
2025/2026						
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (transferred to/(from) the Pensions Reserve)	946	364				(1,310)
Council Tax and NDR [transfers to/(from)] the Collection Fund Adjustment Account)	(1,686)					1,686
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)	(9,164)	(20,244)			(972)	30,380
Total Adjustments to Revenue Resources	(9,904)	(19,880)	-	-	(972)	30,756
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	302	5,519	(5,820)			(1)
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-			-
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-		-			-
Posting of HRA resources from revenue to Major Repairs Reserve		9,360		(9,360)		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,666	-				(2,666)
Other capital receipts taken to the CI&ES	-	-	(10)			10
General Fund Asset Disposal NBV (transfer to Capital Adjustment Account)	-					-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	86				(86)
Total Adjustments between Revenue and Capital Resources	2,968	14,965	(5,830)	(9,360)	-	(2,743)
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure			5,074			(5,074)
Use of Major Repairs Reserve to finance capital expenditure				11,516		(11,516)
HRA Contribution to Debt Repayment		10,800				(10,800)
Application of capital grants to finance capital expenditure					993	(993)
Cash payments in relation to deferred capital receipts	-	-				-
Total Adjustments to Capital Resources	-	10,800	5,074	11,516	993	(28,383)
Total Adjustments	(6,936)	5,885	(756)	2,156	21	(370)

Adjustments between accounting basis and funding basis under regulations	Usable reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts reserves	Major Repairs Reserve	Capital Grants Unapplied	
2024/2025	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (transferred to/(from) the Pensions Reserve)	583	110	-	-	-	(693)
Council Tax and NDR (transfers to/(from) the Collection Fund Adjustment Account)	1,883	-	-	-	-	(1,883)
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)	(58,364)	(14,954)	-	-	(5,830)	79,148
Total Adjustments to Revenue Resources	(55,898)	(14,844)	-	-	(5,830)	76,572
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	29,577	3,932	(33,509)	-	-	-
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-	-	-
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-
Posting of HRA resources from revenue to Major Repairs Reserve	-	8,784	-	(8,784)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,957	(6,000)	-	-	-	3,043
Other capital receipts taken to the CI&ES	-	-	(10)	-	-	10
General Fund Asset Disposal NBV (transfer to Capital Adjustment Account)	-	-	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	269	-	-	-	-	(269)
Total Adjustments between Revenue and Capital Resources	32,803	6,716	(33,519)	(8,784)	-	2,784
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	36,307	-	-	(36,307)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	7,866	-	(7,866)
Application of capital grants to finance capital expenditure	-	-	-	-	5,833	(5,833)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	36,307	7,866	5,833	(50,006)
Total Adjustments	(23,095)	(8,128)	2,788	(918)	3	29,350

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 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.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all 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) at the end of the financial year. However, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

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 expenditure in connection with the Council's landlord function or (where is deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

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.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve (MRR) for housing purposes. The MRR is restricted to being applied to new capital investment on HRA assets or the financing of historical capital expenditure by the HRA.

Capital Grants Unapplied

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 meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

7. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances to earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account Expenditure in 2025/26.

	Balance at 31 March 2024 £'000	Transfers out 2024/25 £'000	Transfers In 2024/25 £'000	Balance at 31 March 2025 £'000	Transfers out 2025/26 £'000	Transfers In 2025/26 £'000	Balance at 31 March 2026 £'000
General Fund Earmarked Reserves							
Lockey House	613	(15)	166	764	(286)	138	616
Planning Reserves	375	(7)	35	403	(74)	392	721
Homelessness Reduction (FHSG)	347	(347)	-	-	-	-	-
Waste Collection Reserve	37	-	-	37	-	175	212
Syrian Refugees	343	(41)	-	302	(36)	-	266
Museum Trust Reserve	277	-	-	277	-	-	277
CNC R&M / Ward Funds	167	(15)	-	152	(28)	-	124
Repairs & Maintenance Reserve	159	-	47	206	-	6	212
Housing Benefit Grants	108	-	-	108	-	-	108
Apprentices	57	(13)	-	44	(13)	-	31
Verulamium Park Reserve	57	-	14	71	(14)	-	57
Transformation Fund	50	-	-	50	(42)	-	8
External Audit	-	-	-	-	-	74	74
Government Grant	-	-	-	-	-	-	-
Business Rates Reserve	-	-	-	-	-	256	256
All other reserves (individually less than £50k)	278	(40)	17	255	(42)	77	290
General Fund sub-total	2,868	(478)	279	2,669	(535)	1,118	3,252
Collection Fund (timing difference)	3,076	(1,658)	-	1,418	-	1,365	2,783
General Fund Earmarked Reserves Sub-Total	5,944	(2,136)	279	4,087	(535)	2,483	6,035
Housing Revenue Account Reserves							
Revenue earmarked reserve	7,891	-	6,000	13,891	-	-	13,891
Capital expenditure reserve	496	-	85	581	(22)	-	559
HRA sub-total	8,388	-	6,085	14,472	(22)	-	14,450
Total	14,332	(2,136)	6,364	18,559	(557)	2,483	20,485

8. Other Operating Expenditure

2024/25 £'000		2025/26 £'000
3,831	Parish Council Precepts	4,077
14,569	(Gains)/losses on the disposal of non-current assets	(2,713)
(161)	Other Capital receipts and income	(129)
18,239		1,235

9. Financing and Investment Income and Expenditure

2024/2025 £'000		2025/2026 £'000
6,211	Interest payable and similar charges	6,135
748	Net interest on the net defined benefit liability	1,101
(1,894)	Interest receivable and similar income	(761)
(7)	Changes in fair value of investment properties	415
(112)	Impairments to financial assets including reversals	53
(60)	(Surplus)/deficit from trading operations not included in Net Cost of Services	93
4,886		7,036

Continued overleaf

10. Taxation and Non-Specific Grant Income

2024/2025 £'000		2025/2026 £'000
	Council Tax	
(16,759)	Council Tax Income	(17,521)
(260)	Transfer from the Collection Fund	(160)
(17,019)	Council Tax net	(17,681)
	Business Rates	
(25,797)	Share of Business Rate income	(26,425)
29,266	Tariff paid to central government	29,597
(21)	Council's share of Business Rates deficit	-
(1,905)	Safety net payment due to/(from) central government	(2,582)
1,543	Business Rates net income	590
	Non-specific Grants	
(125)	Revenue support grant	(154)
(4,798)	Small Business Rate relief	(3,637)
(561)	New Homes Bonus	(48)
(1,468)	Funding Guarantee Grant	-
(295)	Services Grant	-
-	Employer National Insurance Contributions Grant	(193)
-	Funding Floor Grant	(1,492)
(5,714)	Capital grants and contributions	(2,071)
(12,961)	Non-specific Grants sub-total	(7,595)
(28,437)	Total	(24,686)

11. Material Items of Income and Expense

The Code of Practice requires the disclosure of the nature and amount of any material items of income and expenditure which are not separately disclosed on the face of the Comprehensive Income and Expenditure Statement.

The following material items of income and expenditure are included in the Cost of Services in the Comprehensive Income and Expenditure Statement:

Directorate	Description of material item	Commentary
Customer, Business and Corporate	Benefits paid (and linked reimbursement)	£17.1m in housing benefit, paid to residents to assist with their rent payments, off-set by £16.4m of reimbursement by Central Government (24/25 £20.3m offset by £20.3m). In general terms the Council is reimbursed in full by the Department for Work and Pensions for housing benefit payments made to residents. However, Local Authorities do not receive 100% subsidy in respect of certain types of overpayments and expenditure in respect of temporary and supported accommodation where the rents charged are considered higher than average rents in the district.
Community and Place Delivery	Waste & Recycling	Garden Waste collection income: £2.2m (24/25: £2.1m). Costs for Waste and Recycling collection and street cleansing: £7.4m (24/25 £6.6m); these are less sales of recycling items collected. The Council received £0.7m (24/25: £0.7m) from Hertfordshire County Council for recycling credits. In addition, the council received £1.3m of income in respect of Extended Producer Responsibility of which £0.2m has been placed in an ear marked reserve to cover potential future costs in respect of Simpler Recycling. Veolia acts as the council's primary contractor.
	Temporary accommodation costs	£1.8m spent on temporary accommodation and associated costs such as taxis (24/25: £1.1m); linked to this Government Grants of £1.1m (24/25: £1.0m), these also relate to internal spend on homelessness prevention costs, such as work with our partner services and salaries.
	Income from leisure facility provider	The contractual arrangements for the provision of Leisure Services by SLM Ltd changed to an Agency arrangement from May 2026. Income received for the provision of Leisure services totalled £13.3m with expenditure of £10.6m paid to SLM Leisure as agent, operator of our Leisure Centres (£1.9m management fee received in 24/25). This is offset by the costs of operating the building such as repairs & maintenance, depreciation

Directorate	Description of material item	Commentary
		and insurance which are a Council responsibility.
	Parking income	£5.2m received (24/25 £5.1m) from users of car parks. This offsets costs of operating the site such as repairs & maintenance, business rates, staffing, depreciation and insurance. £2.7m received (24/25 £2.2m) from on street parking; these offset related operational costs.
	Grounds maintenance	£1.8m paid, less contributions / reimbursements of £1.3m (24/25: £1.7m & £1.3m). Of payments, £1.5m (24/25: £1.5m) to John O'Connor Grounds Maintenance; main contribution from Hertfordshire County Council: £1.3m (24/25: £1.2m).

Continued overleaf

12. Property, Plant and Equipment

Property, Plant & Equipment Movements	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Furniture & Equipment	Infrastructure £'000	Asset Under Construction £'000	Property, Plant & Equipment Total £'000
Cost or Valuation						
At 1 April 2025	687,982	228,028	18,996	3,947	6,219	945,172
Transfers	1,294	(78)	15	18	45	1,294
Additions	17,647	6,631	1,144	511	2,263	28,196
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	83	-	-	-	83
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(4)	-	-	-	(4)
Write off - disposals	(2,645)	(531)	(3,606)	(509)	-	(7,291)
Derecognition - other	(9,025)	(5,746)	-	-	-	(14,771)
Assets reclassified (to)/from	4,850	(1,160)	78	-	(6,256)	(2,488)
Assets reclassified (to)/from assets held for sale	-	(288)	-	-	-	(288)
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	(8,139)	(4,784)	-	-	(22)	(12,945)
Impairment (losses)/reversals recognised in the Revaluation Reserve	(11,192)	(1,481)	-	-	-	(12,673)
At 31 March 2026	680,772	220,670	16,627	3,967	2,249	924,285
Accumulated Depreciation and Impairment						
At 1 April 2025	(2)	(3,309)	(10,720)	(2,257)	-	(16,288)
Transfers	-	6	(1)	(5)	-	-
Depreciation charge	(9,019)	(2,590)	(1,358)	(305)	-	(13,272)
Depreciation written out to the Revaluation Reserve	9,024	5,755	-	-	-	14,779
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Write off - disposals	32	39	3,606	508	-	4,185
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	(39)	101	(62)	-	-	-
At 31 March 2026	(4)	2	(8,535)	(2,059)	-	(10,596)
Net Book Value						
At 31 March 2025	687,980	224,719	8,276	1,690	6,219	928,884
At 31 March 2026	680,768	220,672	8,092	1,908	2,249	913,689

Property, Plant & Equipment Movements	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Furniture & Equipment £'000	Infrastructure £'000	Asset Under Construction £'000	Property, Plant & Equipment Total £'000
Cost or Valuation						
At 1 April 2024	647,393	227,033	18,364	3,312	69,922	966,024
Transfers	-	-	-	-	-	-
Additions	12,446	785	6,312	621	9,730	29,894
Revaluation	-	-	-	-	-	-
increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Write off - disposals	(1,085)	(39,651)	(5,680)	-	-	(46,416)
Derecognition - other	(8,422)	(4,074)	-	-	-	(12,496)
Assets reclassified (to)/from	6,725	66,432	-	14	(73,225)	(54)
Assets reclassified (to)/from assets held for sale	1,438	-	-	-	-	1,438
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	(7,675)	(9,816)	-	-	(208)	(17,699)
Impairment (losses)/reversals recognised in the Revaluation Reserve	37,162	(12,681)	-	-	-	24,481
At 31 March 2025	687,982	228,028	18,996	3,947	6,219	945,172
Accumulated Depreciation and Impairment						
At 1 April 2024	(1)	(4,691)	(15,328)	(2,029)	-	(22,049)
Transfers	-	-	-	-	-	-
Depreciation charge	(8,437)	(2,736)	(1,072)	(228)	-	(12,473)
Depreciation written out to the Revaluation Reserve	8,422	4,074	-	-	-	12,496
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Write off - disposals	14	44	5,680	-	-	5,738
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	-	-	-	-	-	-
At 31 March 2025	(2)	(3,309)	(10,720)	(2,257)	-	(16,288)
Net Book Value						
At 31 March 2024	647,392	222,342	3,036	1,283	69,922	943,975
At 31 March 2025	687,980	224,719	8,276	1,690	6,219	928,884

HRA Single Dwellings – Component Asset Replacement

A specific approach is adopted for the replacement of component assets such as kitchens, bathrooms and boilers for single council house dwellings. This is to recognise that such assets are being replaced around the end of their useful lives. Due to this, a dedicated approach to depreciation is used, as described below. This results the cost of the component about to be replaced being effectively fully depreciated at the time of replacement.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation. HRA dwellings are classified into type and size of building. The components were reviewed and updated during 2014/15, they remained unchanged for 2025/26.

- Council dwellings, multi-occupied dwellings and other buildings are depreciated based on their components, where appropriate as follows:
 - Land: no depreciation
 - Structure: 100 years
 - Roof: 70 years
 - Windows: 30 years
 - Internal components: 15 to 40 years
- Other buildings: 30 to 60 years
- Vehicles, plant and equipment: 3 to 35 years
- Infrastructure: 5 to 20 years.

It is estimated that if the annual depreciation charge for assets were to increase by 1% the extra charge would amount to £133k (2024/25: £127k).

Capital Commitments

As of 31 March 2026, the Council has entered into a number of contracts for the construction and enhancement of Property, Plant, Equipment and Software at a cost of £2.8m. Similar commitments as at 31 March 2025 were £1.6m.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations were carried out externally by external firms of Chartered Surveyors. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant and furniture are not revalued, and depreciated cost is used as a proxy for current value.

HRA dwellings are valued using the Beacon basis whereby all properties are linked to a set of beacon properties and valued in line with the change in average value of the beacons. Beacon properties were revalued 1 April 2020, and in each subsequent year around 1 in 5 are revalued.

The significant assumptions in estimating the current values are described in note 3. Assumptions about the future and other major sources of estimation uncertainty'.

The Code prescribes that the classes of Property, Plant and Equipment shown in the following table are revalued at least once every five years. The table shows the carrying value of each class of asset in the accounts by year of valuation. In accordance with the Council's policy, depreciated historic cost is used as a proxy for current value for Vehicles and Plant on the grounds of materiality.

In view of the materiality to the accounts and material changes in value from year to year, council dwellings are revalued annually. Assets Held for Sale (AHfS) until sold remain SADC owned council Dwellings or Other Land and Buildings.

Year of valuation of value in accounts	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Infrastructure £'000	Total £'000
Valued at historical Cost	0	0	10,000	10,000
Valued at current value in:				
2020/21	0	4,999	0	4,999
2021/22	0	81,862	0	81,862
2022/23	0	67,139	0	67,139
2023/24	0	40,482	0	40,482
2025/26	680,768	26,190	0	706,958
Total	680,768	220,672	10,000	911,440

Indexation

With effect from 1 April 2025, Local Authority Accounting rules require us to index land and buildings that are not subject to valuation or impairment in the year.

The rates used for this indexation and the asset values in-scope were:

Selected Index	Land & Buildings in-scope			Impact	
	% Change	GF	HRA	To/From Revaluation Reserve	To/From Impairment
Community	0.0%	1,159	155	0	0
Industrial	2.7%	6,727	0	182	0
Offices	-8.6%	9,385	165	(754)	(67)
Residential	1.0%	12,925	15,001	210	74
Retail	-0.3%	12,152	3,462	(44)	(3)

Build Cost	2.8%	131,469	0	3,192	490
		173,817	18,783	2,786	494

Notes:

1. Indexation only applies to Land & Buildings.
2. Council Single Dwellings are not in-scope as the Beacon / Linked process provides an alternate approach to revising valuations.
3. For Community assets we have chosen (as allowed by the Accounting Rules not to index these.
4. In the HRA, Community, Offices (a doctor's surgery) and Retail are part of wider housing developments.

Impairments

Local Authority accounting rules require consideration of impairing asset values where the carrying value of an asset is no longer considered appropriate. Relevant factors include asset condition, expected future income streams, and anticipated sales prices.

During the financial year the following impairments were made:

Property Description	Amount of reduction in value £000	Transferred from Revaluation Reserve	Charged to Income & Expenditure
General Fund			
Car Parks, Public Conveniences and Parks being transferred to Parish Councils	(247)	(128)	(119)
Jubilee Square Commercial	(2,849)	(107)	(2,742)
Lockey House	(1,746)	0	(1,746)
Parts of buildings no longer in use	(316)	(278)	(38)
Recreation centre that is expected to transfer to a Community Trust	(3,887)	(3,162)	(725)
	(9,045)	(3,675)	(5,370)
Housing Revenue Account			
Telford Court: Costs incurred to allow disposal via sale	(2,103)	(2,103)	0
	(11,148)	(5,778)	(5,370)

The 2024/25 impacts were:

- General Fund: £9.6m impaired of which £0m was transferred from the Revaluation Reserve and £9.6m charged to the CIES.
- Housing Revenue Account: £13.3m impaired, of which £5.0m transferred from the Revaluation Reserve and £8.3m charged to the CIES.

13. Heritage Assets

31 March 2025 £'000	Heritage Assets	31 March 2026 £'000
5,425	Exhibits	5,932
168	Silver	172
285	Civic Regalia	293
522	Cups and Trophies	535
44	Sculptures	45
492	War Memorials	615
6,936	Carrying Value	7,592

Reconciliation of the Carrying Value	1 April 2024 £'000	31 March 2025 £'000	1 April 2025 £'000	Additions £'000	Revaluation £'000	31 March 2026 £'000
Exhibits	5,355	5,425	5,425	-	507	5,932
Silver	186	168	168	-	4	172
Civic Regalia	165	285	285	-	8	293
Cups and Trophies	771	522	522	-	13	535
Sculptures	43	44	44	-	1	45
War Memorials	492	492	492	-	123	615
Total Assets	7,012	6,936	6,936	-	656	7,592

The movement in asset values during the year is exclusively related to revaluation.

A review of Heritage Assets was carried out in April 2013 with the auctioneers Christies completing a valuation. These values have been uplifted each year by an inflation provision.

Acquisitions for Heritage Assets are initially recognised at cost and are adjusted for any changes required for insurance in future years.

Information on the Museums' Collections

The City and District of St Albans is an area of outstanding historical and cultural heritage. The Council provided museum services through two accredited museums and also manages a number of historic properties.

The museum's collections consist of approximately 80,000 objects and specimens which range from fossils and archaeological remains to archives such as maps, prints drawings, photographs and ephemera associated with St Albans and its people.

The Council owns a number of properties of historic interest that are currently in use such as the old Town Hall. These are classified as operational assets and therefore held within Property, Plant and Equipment.

The Council also owns non-operational Heritage Property Assets, including historical earthworks and exposed ruins. These assets have no intrinsic value but are held and maintained principally for their contribution to knowledge and culture.

14. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement.

2024/25		2025/26
£'000		£'000
(876)	Rental income from investment property	(921)
90	Direct operating expenses arising from investment property	136
(786)	Net (gain)/loss	(785)

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 remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property.

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

2024/25		2025/26
£'000		£'000
6,521	Balance at start of year:	5,718
-	Addition	-
-	Disposals	-
-	Reclassification	-
(803)	Revaluation	(303)
5,718	Balance at end of the year	5,415

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation (Accounting Policies note 1.11).

	2024/25		2025/26	
Recurring fair value measurements using:	Other significant observable inputs (Level 2) £000	Fair value as at 31st March 2025 £000	Other significant observable inputs (Level 2) £000	Fair value as at 31st March 2026 £000
Office Units	442	442	375	375
Retail Units	3,521	3,521	3,300	3,300
Recreational	1,755	1,755	1,740	1,740
Total	5,718	5,718	5,415	5,415

Investment Properties are valued at fair value as at 31 March 2026. Analysis of the relevant valuation techniques classifies these assets as level 2 of the IFRS 13 Fair Value calculation.

Level 2 assets have significant observable inputs. The fair value has been based on the market approach using current market conditions and other relevant information for similar assets in the local authority area.

A fair value measurement of an investment asset 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.

15. Financial Instruments

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Continued overleaf

	Long-Term		Current	
	At 31 March 2025 £'000	At 31 March 2026 £'000	At 31 March 2025 £'000	At 31 March 2026 £'000
Investments				
Cash and Cash Equivalents at amortised cost	-	-	18,961	6,724
Debtors				
Financial assets at amortised cost	105	106	4,469	5,690
Impairment Loss Allowance	-	-	(705)	(575)
Borrowings				
Financial liabilities at amortised cost	(171,812)	(118,578)	(31,030)	(90,236)
Creditors				
Financial liabilities carried at amortised cost	(95)	(15)	(87)	(99)
Financial liabilities carried at contract amounts	(58)	(142)	(21,353)	(12,207)

Income, Expense, Gains and Losses included in the Comprehensive Income and Expenditure Statement

2024/25			Financial Instruments	2025/26		
Financial Liabilities: measured at amortised cost	Financial Assets: loans and receivables	Total		Financial Liabilities: measured at amortised cost	Financial Assets: loans and receivables	Total
£'000	£'000	£'000		£'000	£'000	£'000
6,211	-	6,211	Total interest expense in the Surplus or Deficit on the Provision of Services	6,135	-	6,135
-	(1,894)	(1,894)	Total interest income in the Surplus or Deficit on the Provision of Services	-	(761)	(761)
6,211	(1,894)	4,317	Net (gain)/loss for the year in Surplus or Deficit on the Provision of Services	6,135	(761)	5,374

Fair Value of Assets and Liabilities

31 March 2025			31 March 2026	
Carrying amount	Fair Value		Carrying amount	Fair Value
£'000	£'000		£'000	£'000
13,959	13,959	Cash	6,724	6,724
5,002	5,002	Fixed term deposits	-	-

31 March 2025			31 March 2026	
Carrying amount	Fair Value		Carrying amount	Fair Value
£'000	£'000		£'000	£'000
202,842	184,675	Public Works Loan Board loans	208,812	190,155
-	-	Other Local Authorities	-	-

16. Short Term Debtors

At 31 March 2025 £'000		At 31 March 2026 £'000
	Amounts falling due within the next year:	
59	Government department National non-domestic rates	1,101
583	Government departments other	1,527
28	Other Local Authorities in Sundry debtors	43
894	Advance payments/bookings	1,227
665	Council Tax/National NNDR costs	644
2,547	Council Tax and NNDR arrears	2,425
723	Housing Rents	287
1,016	Rent Allowances and rebates	689
1,855	Leaseholders	2,108
3,075	Sundry Debtors	3,503
11,445		13,554
	Less: Allowance for doubtful debts	
(2,090)	Collection Fund	(2,051)
(493)	Housing Rents	(257)
(340)	Sundry Debtors	(325)
42	Leaseholders	(63)
8,564	Total Short Term Debtors	10,858

17. Assets Held for Sale

These are qualifying assets where the Council considers it highly probable that completion of the sale will be within one year of classification as an asset held for sale.

	2024/25 £'000	2025/26 £'000
Balance at start of year	10,733	1,294
Additions**	(674)	-
Revaluation Gains/(Losses) in year	-	-
Assets sold in year	(7,327)	-
Assets removed from Held for Sale as unsold	(2,732)	(1,294)
Assets newly classified as held for sale:		
Property, Plant & Equipment	1,294	2,776
Balance at Year End	1,294	2,776

** 2024/25 'Negative' additions represent reversal of redevelopment costs allocated to the site before a decision to sell, not redevelop, was taken

31 March 2026 Assets Held for Sale include:

1. £1.04m for Council Housing subject to Right to Buy applications (31 March 2025: £1.29m)
2. £1.45m for other Council Housing (31 March 2025: £0)
3. £0.25m for assets being transferred to Parish Councils and Community Trusts

Assets Held for Sale are valued at Fair Value at 31 March 2026. Analysis of the relevant valuation techniques classifies these assets as Level 2.

18. Cash and Cash Equivalents

At 31 March 2025 £'000		At 31 March 2026 £'000
2	Cash held by the Council	1
6,782	Bank Current Accounts	558
7,175	Short-term deposits	6,165
13,959	Total Cash and Cash equivalents	6,724

19. Short Term Creditors

At 31 March 2025 £'000		At 31 March 2026 £'000
5,087	Collection Fund	2,147
16,817	Trade Creditors	11,084
5,121	Other Creditors	1,808
3,377	Receipts in advance	2,933
30,402	Total	17,972

20. Other Long Term Liabilities and Short Term and Long Term Provisions

20.1 Long Term Liabilities

Long term liabilities included lease liabilities and deposits for commercial premises. The long-term portion of lease liabilities and deposits amounts to £0.02m (2024/25: £0.1m) and £0.14m (2024/25: £0.06m) respectively.

20.2 Provisions

Under the Business Rates Retention Scheme the Council is liable for its share of any business rates that are not collected. All business premises can appeal their valuation, set by the Valuation Office, which is used for setting the level of rates payable. Until the appeal is heard and decided a provision is estimated to cover the possibility of successful appeals. Changes to the provision are charged to the Collection Fund. The following table shows the movement in the Council's 40% share of the provision.

Provisions: Business Rate Appeals	£'000
Balance at 1 April 2025	1,615
Additional provisions made	2,448
Amounts used	(1,295)
Balance at 31 March 2026	2,768
Made up of:	
Long Term provisions	1,221
Short Term provisions	1,547

21. Unusable reserves

Unusable reserves arise from accounting entries not involving cash transactions and cannot therefore be used to fund future council activities. They include entries relating to the revaluation of buildings, depreciation, and other timing differences between the accounting requirements of the Code and those of legislation.

2024/25		2025/26
£'000		£'000
(490,549)	Revaluation Reserve	(476,759)
(201,684)	Capital Adjustment Account	(204,415)
21,199	Pensions Reserve	-
(15)	Deferred Capital Receipts Reserve	(5)
936	Collection Fund Adjustment Account	2,622
(670,113)	Total Unusable Reserves	(678,557)

Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from the increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards, used in the provision of services (and the gains are consumed through depreciation), or disposed of and the gains are realised.

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

2024/25 £'000		2025/26 £'000
(478,081)	Balance at 1 April	(490,549)
(64,780)	Revaluation (gain)/loss of assets	(29,346)
41,186	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	41,160
-	Cost of Component Additions in Housing Single Dwellings offset against existing Revaluation Reserve for that property	-
(23,594)	(Surplus)/deficit on revaluation of non-current assets not posted to the Surplus or deficit on the Provision of Services	11,814
4,514	Difference between fair value depreciation and historical cost depreciation transferred to the Capital Adjustment Account	484
6,612	Accumulated (gains)/losses on assets sold or scrapped	1,492
11,126	Amount written off to the Capital Adjustment Account	1,976
(490,549)	Balance at 31 March	(476,759)

Capital Adjustment account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement in line with the depreciation, impairment losses and amortisations charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and Gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

The “Net written out amount of the cost of non-current assets consumed in the year” is the reversal of the amounts charged to the CI&E for the consumption of assets with a life over one year (e.g. depreciation) and the amount transferred to the Revaluation Reserves.

2024/25 £'000	Capital Adjustment Account	2025/26 £'000
(222,474)	Balance as at 1 April	(201,684)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>	
12,473	Charges for depreciation and impairment of non current assets	13,391
(7)	Movements in the market value of Investment Properties debited or credited to the comprehensive Income and Expenditure Statement	415
17,699	Revaluation losses on Property, Plant and Equipment	12,949
70	Amortisation of Intangibles	63
909	Revenue expenditure funded from capital under statute	4,453
48,004	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,104
79,148	Sub-total charges	34,375
(4,514)	Difference between fair value depreciation and historical cost depreciation transferred to the Revaluation Reserve	(484)
(6,612)	Accumulated gains on assets sold or scrapped	(1,492)
68,022	Net written out amount of the cost of non -current assets consumed in the year	32,399
	<i>Capital Financing applied in the year:</i>	
(36,307)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,074)
(7,867)	Use of Major Repairs Reserve to finance new capital expenditure	(11,517)
(5,167)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,448)
(665)	Application of grants to capital financing from the Capital Grants Unapplied Account	(538)

2024/25 £'000	Capital Adjustment Account	2025/26 £'000
(269)	Direct Revenue Financing	(86)
6,000	Housing debt repayment provision	-
(2,957)	Statutory provision for the financing of capital investment charged against the General Fund	(13,466)
(47,232)	Sub-total capital financing	(35,129)
(201,684)	Balance at 31 March	(204,414)

2024/25 £'000		2025/26 £'000
68,023	Net written out amount of the cost of non-current assets consumed in the year (per the Capital Adjustment Account)	32,399
4,514	Add back amount transferred to the Revaluation Reserve	484
6,612	Add back accumulated gains on assets sold or scrapped	1,492
-	Less Other Capital Receipts	-
79,149	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	34,375
(5,167)	Less Capital Grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(4,448)
73,982	Reversal of entries less Capital Grants	29,927

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2024/25	Pensions Reserve	2025/26
£'000		£'000
17,704	Balance at 1 April	21,199
-	Prior year discrepancy now addressed	-
4,188	Remeasurements of the net defined benefit liability	(19,889)
3,595	Reversal of items relating to retirement benefits debited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,168
(4,288)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,478)
21,199	Balance at 31 March	-

Collection fund Adjustment Account

2024/25			Collection Fund Adjustment Account	2025/26		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£'000	£'000	£'000		£'000	£'000	£'000
(257)	3,076	2,819	Balance at 1 April	(482)	1,418	936
(225)	(1,658)	(1,883)	Movement on account	321	1,365	1,686
(482)	1,418	936	Balance at 31 March	(161)	2,783	2,622

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

The movement on the account is the amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from the council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.

A negative amount indicates that tax collected during the year was higher than distributed to the precepting bodies and government and a positive figure that more was paid to the precepting bodies than collected. In both cases adjustments are made in subsequent year to pay or recover the under/over payments.

22. Members' Allowances

The Council paid the following amounts to members of the Council during the year.

2024/25		2025/26
£000	Members' Allowances	£000
434	Allowances	452
1	Expenses	0
435		452

Payments by Councillor are available here:

<https://www.stalbans.gov.uk/accounts-budgeting-and-spending>

23. Officers' Remuneration

The remuneration paid to the Councils' Head of Paid Service and non-statutory officers is as follows:

Post Title		Salary, fees and allowances	Benefits in kind	Total Remuneration excluding pension contributions	Employer's pension contribution	Total Remuneration including pension contributions
		£	£	£	£	£
Chief Executive and Head of Policy	2025/26	123,825	-	123,825	24,393	148,218
	2024/25	118,834	-	118,834	23,410	142,244
Strategic Director - Community & Place Delivery	2025/26	111,565	-	111,565	21,978	133,543
	2024/25	107,068	-	107,068	21,092	128,160
Strategic Director - Customer, Business & Corporate Support from February 2025	2025/26	102,868	-	102,868	21,152	124,020
	2024/25	7,485	-	7,485	1,470	8,955
Strategic Director - Customer, Business & Corporate Support to September 2024	2025/26	-	-	-	-	-
	2024/25	62,456	-	62,456	10,422	72,878
Strategic Lead - Transformation and Culture	2025/26	-	-	-	-	-
	2024/25	8,750	-	8,750	-	8,750
Section 151 Officer	2025/26	83,987	-	83,987	16,599	100,586
	2024/25	74,900	-	74,900	14,920	89,819
Strategy and Policy Manager	2025/26	70,186	-	70,186	13,874	84,060
	2024/25	66,689	-	66,689	13,191	79,880
Monitoring Officer from October 2024	2025/26	66,259	-	66,259	13,106	79,365
	2024/25	62,530	-	62,530	8,308	70,838
Monitoring Officer to September 2024	2025/26	-	-	-	-	-
	2024/25	42,734	-	42,734	7,729	50,463
Digital Strategy and Transformation Manager	2025/26	57,104	-	57,104	11,249	68,353
	2024/25	55,333	-	55,333	10,901	66,234
ICT and Infrastructure Manager	2025/26	66,755	-	66,755	13,357	80,112
	2024/25	63,394	-	63,394	9,525	72,919

Note: For the officers reporting to the Chief Executive and Head of Policy for part of the year, the disclosure is for the full year salary

Remuneration	2024/25		2025/26	
	Number ex. redundancies	Number inc. redundancies	Number ex. redundancies	Number inc. redundancies
£50,000 - £54,999	24	24	29	29
£55,000 - £59,999	15	15	23	23
£60,000 - £64,999	13	13	10	10
£65,000 - £69,999	5	5	8	8
£70,000 - £74,999	5	5	3	3
£75,000 - £79,999	2	2	4	4
£80,000 - £84,999	-	-	1	1
£85,000 - £89,999	-	-	1	1
£90,000 - £94,999	-	-	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	1	1
£105,000 - £109,999	1	1	-	-
£110,000 - £114,999	-	-	1	1
£115,000 - £119,999	1	1	-	-
£120,000 - £124,999	-	-	1	1
Total	66	66	82	82

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

Exit package cost (including special payments)	Number of compulsory redundancies		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25 £	2025/26 £
In bands of £20,000				
0 – 20	2	4	19,982	24,213
20 – 40	-	-	-	-
40 – 60	-	-	-	-
60 – 80	-	-	-	-
80 – 100	-	-	-	-
Total	2	4	19,982	24,213

24. Termination Benefits

The authority terminated the contracts of 4 employees in 2025/26, incurring liabilities of £24,213 (2 employees with liabilities of £19,982 in 2024/25) – see Note 23 for the number of exit packages and total cost per band. These costs are included in the costs within the Council's Comprehensive Income & Expenditure statement.

25. External Audit costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

2024/25 £'000		2025/26 £'000
180	Fees payable with regard to external audit services carried out by the appointed auditor for the current year	185
9	Additional fees for variation in services provided by the external auditor	-
35	Fees payable for the certification of grant claims and returns	32
224		217

26. Trading Operations

The Council has the following trading operations:

- **Markets** – the Council operates a street market in St Albans city centre on Wednesdays and Saturdays, with additional market days for Farmers Markets, Continental Markets and Christmas Markets.
- **Commercial premises** – the Council owns various shops and business premises that are let on a commercial basis.

Trading Operations		2024/25 £'000	2025/26 £'000
Markets	Turnover	(546)	(585)
	Expenditure	403	417
	Deficit	(143)	(168)
Commercial Premises	Turnover	(532)	(562)
	Expenditure	615	823
	Deficit	83	261
Net (Surplus)/Deficit on Trading Operations		(60)	93

27. Grants and Contributions Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26.

Continued overleaf

2024/2025 £'000	Grant Income	2025/2026 £'000
	Credited to Taxation and Non specific grant income	
125	Revenue support grant	154
561	New Homes Bonus	48
1,468	Funding Guarantee Grant	-
295	Services Grant	-
-	Employer National Insurance Contributions Grant	193
4,798	Small Business Rate relief	3,637
-	Funding Floor Grant	1,492
5,714	Capital grants and contributions	2,071
12,961	Sub-Total	7,595
	Credited to services	
19,997	Rent Allowances & Benefits	16,495
723	Recycling credits	718
296	Benefits Administration Grants	274
184	Contribution to Business Rates Collection	183
-	UK Shared Prosperity Fund	215
-	Audit Recovery Grant	74
310	Reclaimed Benefits	39
1,253	Grounds maintenance contributions	1,293
826	Homelessness Reduction & Rough Sleepers Grants	1,320
-	Local Plan Implementation Grant	108
-	Development Management Planning Grant	153
-	Extended Producer Responsibility Grant	1,301
	Housing Revenue Account for Refcus spend	2,700
2,200	Other contributions	1,002
25,789	Sub-Total	25,875
38,750	Total	33,470

The Council has received grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

Continued overleaf

31 March 2025 £'000	Capital Grants Received in Advance	31 March 2026 £'000
924	Section 106	859
10	Disabled Facilities Grants	10
1,559	Local Authority Housing Grant	679
3,425	Greener Homes Grant	1,702
	Community Project Fund	253
294	Other	414
6,212	Total Grants received in advance	3,917

28. Pension Liabilities

Participation in the Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits.

Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

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

Transactions Relating to Post-employment Benefits

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

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

2024/2025 £'000	Transactions Relating to Post Employment Benefits	2025/2026 £'000
Comprehensive Income and Expenditure Statement		
	Cost of Services:	
2,847	- Current Service Cost	2,057
-	- Past Service Costs (including curtailments)	-
	- Pension Fund Administration expenses	10
	Financing and Investment Income and Expenditure	
748	Net Interest expense	1,101
3,595	Total Post Employment Benefit Charged/(Credited) to the Surplus or Deficit on the Provision of Services	3,168
-	Other Post Employment Benefit Charged/(Credited) to the Comprehensive Income & Expenditure Statement	-
	Remeasurements of the net defined benefit liability comprising:	
(3,024)	Return on plan assets (excluding the amount included in the net interest expense)	1,768
2,427	Actuarial (gains) and losses arising from changes in demographic assumptions	(3,702)
17,885	Actuarial (gains) and losses arising from changes in financial assumptions	5,316
968	Experience (gain) and losses	(3,798)
	Other actuarial gains and (losses) on assets	625
(22,444)	Past service contributions which may give rise to an additional liability	19,680
(4,188)	Total Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement	19,889
Movement in Reserves Statement		
3,595	Reversal of net charges made to the Surplus or deficit for the Provision of Services for employment benefits in accordance with the Code	3,168
4,288	Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	4,478
7,883	Pension costs transferred to/(from) the Pensions Reserve	7,646

Note: The Pensions reserve is part of Unusable Reserves.

Pension Assets and Liabilities Recognised in the Balance Sheet

The following table shows the pension scheme assets, liabilities & net liability.

2024/2025 £'000		Table	2025/2026 £'000
(123,469)	Present Value of the defined benefit obligation	A	(129,433)
137,788	Fair values of plan assets	B	147,331
14,319	(Deficit) / Surplus		17,898
(35,518)	Impact of Asset Ceiling	C	(17,898)
0	Unrecognised past service cost		0
0	Present Value of unfunded obligation		0
(21,199)	Net liability arising from the defined benefit obligation		0

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

2024/2025 £'000	Pension Scheme Liabilities	2025/2026 £'000
141,712	Opening balance at 1 April	123,469
2,847	Current Service Cost	2,057
6,649	Interest Cost	7,010
	Remeasurement (gains)/losses:	
(17,885)	Change in financial assumptions	(5,316)
(2,427)	Change in demographic assumptions	3,702
(968)	Experience loss/(gain) on defined benefit obligation	3,798
(7,438)	Estimated benefits paid net of transfers in	(6,317)
979	Contributions from scheme participants	1,030
123,469	Closing balance at 31 March	129,433

Continued overleaf

B. Reconciliation of the Movements in the Fair Value of Scheme Assets

2024/2025 £'000	Pension Scheme Assets	2025/2026 £'000
136,483	Opening fair value of scheme assets at 1 April	137,788
6,500	Interest income	7,969
(3,024)	Remeasurement gain/(loss):	
	Return on plan assets, excluding the amount included in the net interest expense	1,768
	Other actuarial gains/(losses)	625
	Administration expenses	(10)
4,288	Contributions from employer	4,478
979	Contributions from employees into the scheme	1,030
(7,438)	Benefits paid	(6,317)
137,788	Closing fair value of scheme assets at 31 March	147,331

C. Reconciliation of the Movements in the Asset Ceiling

The Asset Ceiling is an additional liability to be recognised where agreed past service contributions would give rise to a future surplus and not be available after they are paid (i.e. available as a refund or reduction in future contributions).

Note, it is possible that an additional liability may need to be recognised even where there is an IAS19 deficit at the year end.

2024/2025 £'000		2025/2026 £'000
(12,475)	Opening balance	(35,518)
(22,444)	Effect of the asset ceiling on Net Asset / (Liability)	19,680
(599)	Interest on impact of asset ceiling	(2,060)
(35,518)	Closing balance	(17,898)

Continued overleaf

Local Government Pension Scheme Assets Comprised:

Asset Type	As at 31 March 2025			As at 31 March 2026		
	Fair value of scheme assets			Fair value of scheme assets		
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000
Cash/Temporary Investments	2,756	-	2,756	4,420	-	4,420
Equities UK	1,378	-	1,378	1,473	-	1,473
Equities Overseas	35,824	-	35,824	42,726	-	42,726
Corporate Bonds UK	4,134	-	4,134	2,947	-	2,947
Corporate Bonds Overseas	6,889	-	6,889	4,420	-	4,420
Fixed Interest Government Securities UK	2,756	-	2,756	2,947	-	2,947
Index Linked Government Securities UK	13,779	-	13,779	11,786	-	11,786
Fixed Interest Government Securities Overseas	1,378	-	1,378	1,473	-	1,473
Index Linked Government Securities Overseas	-	-	-	-	-	-
Private Equity	-	12,401	12,401	-	11,786	11,786
Property	-	19,290	19,290	-	17,680	17,680
Unit trust	24,802	-	24,802	26,520	-	26,520
Hedge fund	-	6,889	6,889	-	7,367	7,367
Infrastructure	-	2,756	2,756	-	2,947	2,947
Private Credit	-	1,378	1,378	-	1,473	1,473
Derivatives	-	-	-	-	5,893	5,893
Insurance Linked Strategies	-	1,378	1,378	-	1,473	1,473
Net Current Assets Debtors	-	-	-	-	-	-
Creditors	-	-	-	-	-	-
Totals	93,696	44,092	137,788	98,712	48,619	147,331

Basis for Estimating Assets and Liabilities

The values in these accounts are based on the draft report issued by our actuaries. Note: The values in these accounts are based on the draft report issued by our actuaries. They comment: "Please note that the year-end LGPS asset value included in these draft accounts is based on a net asset statement of the Hertfordshire Pension Fund as at 28 February 2026, which the actuary has projected forward to 31 March 2026 using estimated market returns. The final accounts will be updated to reflect actual asset valuations as at 31 March 2026 once this information becomes available. We note that there has been significant adverse short-term market volatility between 28 February and 31 March 2026, which may result in the final asset valuation being materially different. This short-term market volatility has not affected the LGPS contributions due over the three-year period to 31 March 2029, which have already been formally certified as part of the 2025 triennial funding valuation of the Hertfordshire Pension Fund".

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The

Hertfordshire County Council Fund liabilities have been assessed an independent firm of actuaries; estimates on the pension fund are based on the latest published triennial valuation of the scheme as at 31 March 2025.

Barnett Waddingham LLP were appointed as independent Actuaries for the 2025/26 year by Herts County Council; more information on this appointment is available on the Hertfordshire County Council [website](#).

The significant assumptions used by the actuary have been:

31 March 2025	Actuarial Assumptions	31 March 2026
	Mortality assumptions	-
	Retiring today	
21.2 years	Men	22.8 years
24.1 years	Women	24.6 years
	Retiring in 20 years	
21.9 years	Men	24.3 years
25.2 years	Women	26.3 years
	Financial assumptions	
2.9%	Pension Increase Rate (CPI)	2.9%
3.9%	Rate of increase in salaries	3.9%
5.8%	Rate for discounting scheme liabilities	6.1%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Impact on the Authority's Cash Flows

Change in assumptions at 31 March 2026	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	1,731
1 year increase in member life expectancy	5,082
0.1% increase in the Salary Increase Rate	81
0.1% increase in the Pension Increase/Revaluation Rate (CPI)	1,755

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £nil (2024/25 £21.2m) has substantial impact on the net worth of the Council as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. For 2025/26 this amounted to £1.4m and 19.7% of paid salaries; from 2026/27, this will amount to 16.9% of paid salaries. Contributions payable by the Council are set by the Fund Actuary at each triennial actuarial valuation. The triennial review relating to the 2025/26 accounts was the period April 2022 to March 2025. The next triennial valuation is scheduled to cover the period from April 2025 to March 2028 but can be revised at any other time as instructed to do so by the administering authority.

Implications of Virgin Media Ltd vs NTL Trustees

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Pensions Scheme Act 2026 includes wording which give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. Following this legislation, we do not now expect the ruling to give rise to any additional liabilities.

Continued overleaf

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

2024/25 £'000		2025/26 £'000
	Non Cash Transactions	
30,172	Depreciation, downward revaluations and impairments	26,341
70	Amortisations	63
(693)	Pension fund adjustments	(1,310)
48,005	Carrying amount of non-current assets sold	3,104
(13)	(Increase)/decrease in stock	25
(2,021)	(Increase)/decrease in debtors	(2,744)
(100)	Other non-cash items charged on the provision of services	1,636
17,599	(Decrease)/increase in creditors	(11,751)
93,019	Total non-cash movements	15,364

30. Cash Flow Statement – Adjustments for Financing & Investing Activities

2024/25 £'000		2025/26 £'000
-	Proceeds from short-term and long-term investments	416,440
(33,266)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,820)
(6,082)	Capital grants credited to the surplus or deficit on the provision of services	(4,534)
(39,348)	Net adjustment	406,085

The net cash flow from operating activities for 2025/26 includes interest received of £0.761m (2024/25 £1.894m) and interest paid of £6m (2024/25 £5.953m).

31. Cash Flow Statement – Investing Activities

2024/25 £'000		2025/26 £'000
(32,023)	Purchase of property, plant and equipment, investment property and intangible assets	(30,285)
(643,345)	Purchase of short-term investments	(411,438)
-	Other payments for investing activities	(2,433)
33,276	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,830
640,250	Proceeds from short-term and long-term investments	-
8,573	Capital grants received	10
6,731	Net cash flows from investing activities	(438,316)

32. Cash Flow Statement – Financing Activities

2024/25 £'000		2025/26 £'000
30,000	Cash Receipts of Short-Term and Long-Term Borrowing	12,000
(60,225)	Repayment of Short-Term and Long-Term Borrowing	(970)
-	Other Receipts from financing activities	797
(2,420)	Council Tax, NNDR & other adjustments	-
(32,645)	Total cash flow from financing activities	11,827

Reconciliation of liabilities arising from financing activities

The following table provides more detail on how the cash flows from financing activities reconcile to the balance sheet carrying value of liabilities. It does not include the Council Tax and NNDR adjustments from the table above as these balances can alternate between assets and liabilities depending on the year-end position.

Financing Activities	Reconciliation of Liabilities Arising from Financing Activities 2025/26				
	1 April 2025 £'000	Loans Repaid £'000	New Loans £'000	Long Term to Short Term £'000	31 March 2026 £'000
Long term borrowings	171,812	-	12,000	(65,235)	118,579
Short term borrowings	31,030	(31,030)	25,000	65,235	90,233
Total liabilities from financing activities	202,842	(31,030)	37,000	-	208,812

	2024/25				
	1st April 2024 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'000	31st March 2025 £'000
Long term borrowings	172,841	-	30,000	(31,030)	171,811
Short term borrowings	60,225	(60,225)	-	31,030	31,030
Total liabilities from financing activities	233,066	(60,225)	30,000	-	202,841

33. Related Parties

The Council discloses material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The Council has identified 6 scenarios for there to be a related party relationship:

1. Where the Council appoints representatives to outside bodies (see stalbans.moderngov.co.uk/mgListOutsideBodies.aspx?bcr=1). Many of these bodies are not considered to be related parties (e.g. the East of England Local Government Association) and for other candidates (e.g. Ellenbrook Park Trust), there were no transactions.
2. Charities where the Council is the Trustee (see below).
3. Companies owned by the Council and joint ventures with other councils (see below).
4. Any specific councillor disclosures (see below).
5. Any disclosures made via our employee declarations of interest (see below).
6. Central Government (see below).

In assessing whether a related party relationship might exist, the value of the transaction to both parties is considered. For instance, several instances where the council has rented space for a Polling Station do not, in the Council's opinion, result in creation of a related party relationship.

Summaries for transactions in 2025/26 are disclosed below. Expenditure & income is net of VAT. Further details of these transactions can be provided on request.

Organisation	Type	SADC person	25/26 Exp £000	25/26 Inc £000	Bal 31/3/26 £000 Note 1	Comments Note 4
Charity of Sarah Duchess of Marlborough	1	Cllr K Cotton	0	6	1	See note 2
Citizens Advice St Albans	1	(None for 2025/26)	201	3	30	
Lionel Annesley Dorant for Alms-houses	1	Cllr J Murray	0	3	1	See note 2
St Albans Cycle Hub CIC	1	(None for 2025/26)	0	0	15	
St Albans Museums & Galleries Trust	1	(None for 2025/26)		9		
West Herts Crematorium Joint Committee	1, 3	Cllr S Cavinder	0	0	(1,500)	See note 3

Notes:

1. Balances: () = Monies owed by the Council; otherwise, monies owed to the Council. Where note 2 applies, includes these balances.
2. The Council collects rents on behalf of these two Charities, acting as their agent. £232k was remitted to the Charity of Sarah Duchess of Marlborough and £152k was remitted to Lionel Annesley Dorant for Almshouses.
3. The Joint Committee received a loan from Dacorum Borough Council to build the Crematorium in Hemel Hempstead. The St Albans share of this loan is £1.5m.

Owned companies and corporate trusteeships

1. **St Albans City and District Estates Limited:** this company is being reinstated to the Companies House Register to allow us to recover residual funds from the company's bank account.
2. **West Herts Crematorium:** the Council has an agreement with five other Hertfordshire authorities for the running of the West Hertfordshire Crematoriums through a Joint Committee. The Agreement provides for deficits to be met by the constituent councils, but in practice the Crematoriums meets its running costs from its own income and builds up reserves where possible to meet future capital improvement costs. The Council's share of the activity is considered to be immaterial and therefore Group Accounts are not prepared. The Council does not control the assets and therefore they are not included in the Balance Sheet (Three Rivers District Council employ the crematorium staff and operate the crematoria).
3. **The Council is trustee** for 4 local charities and provides benefits in kind (e.g. grass cutting) when appropriate. These are the Clarence Park Recreation Ground Trust (charity number 1047751), the Public Recreation

Ground Trust (commonly known as the New England Street Playing Field) (charity number 302456), the Museum of St Albans (charity number 312128) and the Annesley Bequest (charity number 311082), The Council is also Trustee for two open spaces donated to the city. These are Fleetville Pleasure Ground and Victoria Playing Field.

Members and Senior Officers of the Council

Members and Senior Officers of the Council have direct control over the Council's financial and operating policies. The total Member allowances paid in 2025/26 is shown in note 22. Where grants were given, they were made with proper consideration of the declaration of interests, and the relevant Members did not take part in any discussion or decision relating to the grants.

The Register of Members' Interests shows both potential financial and other interests, including involvement with voluntary organisations, public authorities, and various other bodies. It is available on the Council's website (as part of each Councillor's profile).

A number of Members / Staff / their families are Council Tenants or Leaseholders within Council owned blocks. These are managed on standard terms. Some Members and Staff and / or their families receive Housing Benefit and/or Council Tax discounts in accordance with the normal qualifying criteria. We do not disclose amounts in this case; for the situation of any Member, refer to stalbans.moderngov.co.uk/mgMemberIndex.aspx.

Officers are widely involved in voluntary roles within the community; as with any local organisation, these organisations may qualify for grants and, when needed, seek Council approvals (e.g. planning permission). These organisations may also receive money from the Council (e.g. for Polling Station hire). These are handled in the normal manner by an Officer not involved with the organisation.

Central Government

This has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in 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.

2024/25 £'000	Capital financing Requirement	2025/26 £'000
267,668	Opening Capital Financing Requirement	250,935
	Capital investment	
29,218	Property, Plant and Equipment	28,196
-	Heritage Assets	-
271	Right-of-use Assets	52
101	Intangible Assets	540
909	Revenue Expenditure funded from Capital under Statute	4,453
30,499		33,241
	Less Sources of Finance	
(36,307)	Capital Receipts	(5,074)
(4,305)	Other Government Grants and other contributions	(4,741)
(1,366)	Disabled Facilities Grant	-
(161)	Leaseholders Recharge	(245)
(7,867)	Major Repairs Reserve	(11,517)
(269)	Revenue contribution to capital	(86)
6,000	Voluntary revenue provision HRA	(10,800)
(2,957)	Minimum revenue provision General Fund	(2,666)
(47,232)		(35,129)
250,935	Closing Capital Financing Requirement	249,047

2024/25 £'000	Explanation of movements in year	2025/26 £'000
(16,733)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(1,888)
(16,733)	Increase/(decrease) in Capital Financing Requirement	(1,888)

35. Borrowing Costs

Since 2019/20 the Council has adopted an accounting policy to capitalise borrowing costs for qualifying assets. Prior to 2019/20 all borrowing costs had been charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement in the financial year in which they were incurred.

Since 2019/20 the approach is to capitalise borrowing costs for qualifying assets and is set out in the council's accounting policies (see Notes to the Accounts 1.20).

The Council has capitalised borrowing costs of £0.5m during the financial period 2025/26 (£1.2m 2024/25). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for the 2025/26 financial period, calculated using the weighted average interest rate on the Council's loan payments, was 2.17% (3.20% in 2024/25) for General Fund borrowing. A qualifying asset will be that which takes more than 18 months to get ready for intended use and has forecast spend of at least £100,000.

36. Leases

Since 2024/25, the Council has applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability), a right-of-use asset and a lease liability are brought into the balance sheet 1 April 2024. Leases for items of low value and lease that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 was applied retrospectively with the cumulative effect recognised 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

However, some practical expedients were applied as required or permitted by the Code:

- **Lease liabilities** are measured at the present value of the remaining lease payments 1 April 2024, discounted by the Council's incremental borrowing rate at that date.
- **The weighted average of the incremental borrowing** rates used to discount liabilities was 5.16%.
- **Right-of-use assets** are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.
- All leases were assessed as to whether they were onerous 31 March 2024, and it was determined that there were none.

This has resulted in the following additions to the balance sheet as 1 April 2024:

- £236k Long term assets (Right-of-use assets)
- £156k Long term liabilities (lease liabilities)
- £80k Current liabilities (lease liabilities)

The newly recognised lease liabilities of £236k as 1 April 2024 compare with the operating lease commitments of £333k 31 March 2024. When these are

discounted to their present value of £236k (using the incremental borrowing rate 1 April 2024), there is a difference of £97k from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that expires before 31 March 2025.

Council as a Lessee

Right of Use Assets

Movement of Right-of-use assets

This table shows the change in the value of the right-of-use assets held under lease by the Council:

Movement of Right-of-use assets	Vehicles, Furniture & Equipment £'000	Total £'000
Balance at 1 April 2025	180	180
Additions	52	52
Depreciation	(119)	(119)
Balance at 31 March 2026	113	113

Movement of Right-of-use assets	Vehicles, Furniture & Equipment £'000	Total £'000
Balance at 1 April 2024	236	236
Additions	35	35
Depreciation	(91)	(91)
Balance at 31 March 2025	180	180

Note: IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. Right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

2024/25 £'000		2025/26 £'000
	Comprehensive income and expenditure statement	
11	Interest expense on lease liabilities	8
	Cash flow statement	
100	Total cash outflows for leases	128

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2024/25 £'000	Maturity analysis of lease liabilities	2025/26 £'000
93	Not later than one year	102
98	Later than one year and not later than five years	15
191	Total undiscounted liabilities	117

Council as a Lessor

The Council leases out property and equipment under operating leases for the following purposes:

- For the provision of community services such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses

The minimum lease payment receivables under non-cancellable leases in future years are:

2024/25 £'000		2025/26 £'000
1,628	Not later than one year	1,719
4,702	Later than one year and not later than five years	7,905
6,699	Later than five years	10,140
13,029		19,764

The minimum lease payment receivables do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The Increase in future minimum lease payment receivables was primarily driven by new commercial lettings at Jubilee Square entered during 2025/26.

37. Contingent Liabilities and Assets

In 1992, Municipal Mutual Insurance (MMI), one of our insurers at the time, stopped accepting new business. MMI and its policy holders, including local authorities, as members of the mutual have organised how the company can be closed if necessary.

How much MMI owes to insurers cannot be worked out until all current and future claims have been settled. MMI may not have enough money to pay its debts in the future. If that is the case, MMI can claim back from its major policy

holders as members of the mutual, including the Council, part of the claims paid from 1 October 1993. The balance of un-provided claims MMI could ask for as of 31 March 2026 is £0.5m (31 March 2025 £0.5m).

A company that previously carried out contractual work on the Council's housing stock went into liquidation and the liquidator has demanded payment of outstanding unpaid invoices issued by the company. The Council is challenging the claim on the basis that the work has either not been completed or not completed to a satisfactory standard.

The administrators of a second contractor that entered liquidation prior to the completion of a housing construction contract have requested payment of a retention sum held by the Council under the terms of that contract. The Council is disputing the claim and has submitted a counterclaim relating to costs incurred in remedying construction defects attributed to the contractor's incomplete or defective work.

A Contractor failed to hand back property in acceptable condition, breaching the contractual maintenance requirements. The Contractor is now in administration, and a proof of debt letter has been provided. The administrators have acknowledged that St Albans District Council may be a creditor, and the Council's solicitors are pursuing this.

As regards the second and third items above, while the outcomes remain uncertain, the Council does not expect that any settlement more adverse than currently anticipated would have a material impact on future Statements of Accounts.

38. Nature and Extent of Risks Arising from Financial Instruments

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

- **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
- **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 a Central Treasury Team, under policies approved 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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the Treasury Management Practices adopted by the Council. It also maintains a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter other financing arrangements.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £5m (£8m for the Council's bank) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all the Council's deposits, but there was no evidence on 31 March 2026 that this was likely to crystallise.

Customers for goods and services are assessed, considering their financial position, past experience, and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council generally allows its debtors 14 days credit. Of the £2.186m (2024/25: £3.232m) outstanding from debtors, £0.907m (2024/25: £1.987m) is past due and this is analysed by age as follows:

31 March 2025 £'000	Trade Debtors Ageing	31 March 2026 £'000
1,245	Debtors not yet due	1,279
291	Less than 3 months overdue	13
224	3 to 6 months overdue	36
172	7 months to 1 year overdue	59
1,300	More than 1 year overdue	799
3,232		2,186

Amounts arising from expected credit losses

The following table shows the movement in the impairment loss allowance:

Loss allowance by Asset Class		
Lifetime expected credit losses – simplified approach (for Trade Debtors only)		
2024-2025 £'000	Asset Class (amortised cost): Trade Debtors	2025-2026 £'000
461	Opening balance	341
-	New financial assets originated or purchased	-
37	Amounts written off	
(163)	Financial assets that have been derecognised (Repayment of debtors provided for in general & specific provision)	(31)
-	Changes due to modifications that did not result in derecognition (New Debtors)	-
6	Changes in models/risk parameters	15
-	Other changes	-
341	Closing Balance	325

If collection rates were to deteriorate an increase in the impairment of doubtful debts would be required. To provide in full for overdue trade debtors over two months old would require an additional £0.32m (2024/25: additional £0.35m) to be set aside as an allowance.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board.

The Council borrowed £189.6m in 2011/12 to provide the funds to pay for the Housing Self Financing debt, and existing Housing debt, taking the total housing debt to £191.1m. Housing Self Financing was the system for financing council housing introduced in April 2012 that replaced the Housing Revenue Account subsidy system. To take account of low interest rates and favourable terms, all borrowings were taken at fixed interest rates. The total HRA borrowing as at 31 March 2026 was £158.4 (£75.4m loans over 12 months and £83m loans 12 months and under).

During 2025/26 the Council repaid £31m (£7.2m for General Fund and £23.8m for housing Revenue Account) and borrowed £37m for the Housing Revenue Account from PWLB. The loan terms varied to either match forecast capital receipts or spread repayment dates over several years.

There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

31 March 2025 £'000	Maturity Analysis of Financial Liabilities	31 March 2026 £'000
31,030	Less than one year	90,236
53,000	Between one and two years	17,000
60,500	Between two and five years	56,916
21,916	Between five and ten years	8,499
-	Between ten and fifteen years	-
-	Between fifteen and twenty years	-
36,396	Greater than twenty years	36,163
202,842		208,814

All trade and other payables are due to be paid in less than one year. Liabilities have not been discounted for net present value.

Market Risk > Interest Rate Risk

The Council has several strategies for managing market risk, including interest rate risk. These include investing only with institutions having a high credit rating, limiting the amount of investment with any one institution, and limiting investment periods to less than one year.

The average interest rate earned on investments during the year was 3.98% and if interest rates throughout the year had been 0.5% higher this would have increased the amount of interest earned by £0.06m.

As mentioned above, all debt is at fixed interest rates ranging from 1.22% to 5.36%, with a weighted average of 2.89%.

The Council does not invest in quoted companies, and it has no assets or liabilities in foreign currencies. Therefore, the Council has no exposure arising from movements in share prices or exchange rates.

Housing Revenue Account (HRA)

HRA Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted practices, rather than the amount to be funded from rents and government grants.

2024/2025	Housing Revenue Account Income and Expenditure Statement	2025/2026
£'000		£'000
	Expenditure	
6,806	Repairs and Maintenance	7,908
9,109	Supervision and Management	10,142
369	Rents, Rates, Taxes and other charges	348
21,281	Depreciation and impairment of non-current assets	16,745
(2,728)	Revaluation gains reversing prior year losses charged to the HRA	(1,216)
34	Debt Management costs	39
(44)	Movement in the allowance for bad debts	11
-	Grant Expenditure	3,400
184	HRA services' share of Corporate and Democratic Core	136
35,011	Total Expenditure	37,513
	Income	
(34,173)	Dwelling rents	(34,033)
(1,199)	Non-Dwelling rents	(1,328)
(860)	Charges for services and facilities	(1,193)
-	Government Contribution to Grant Expenditure	(2,700)
(36,232)	Total Income	(39,254)
(1,221)	Net (Income)/Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(1,741)
(1,221)	Net (Income)/Cost of HRA Services HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	(1,741)
(1,787)	Gain on sale of HRA non-current assets	(2,714)
4,622	Interest payable and similar charges	4,900
(201)	Interest and investment income	(348)
119	Net interest on the net defined benefit liability	305
(4,670)	Capital grants, contributions and other receipts	(1,724)
(3,138)	(Surplus)/Deficit for the year on HRA services	(1,322)

Movement in the Housing Revenue Account

The HRA Income and Expenditure Account shows the actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to account for its statutory housing activity on a different accounting basis, the main differences being:

- The gain or loss on the disposal of HRA assets must be reversed; and
- Any impairment on HRA dwellings, either due to economic consumption or valuation, must be reversed from the account before a statutory balance can be finalised.

This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the Housing Revenue Account Balance.

2024/2025 £'000	Movement on the Housing Revenue Account Statement	2025/2026 £'000
(4,247)	Balance on the HRA at the end of the previous year	(9,429)
(1)	Rounding adjustment from prior year	-
(3,138)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(1,322)
	Adjustments between accounting basis and funding basis under statute	
(7,829)	Transfer (from)/to the Capital Adjustment Account for the impairment of dwellings	(8,109)
(6,000)	Transfer to the Capital Adjustment Account for debt repayment provision	10,800
(778)	Transfer from the Capital Adjustment Account for Revenue expenditure funded from capital under statute	(406)
-	Revenue contribution to capital	86
1,860	Gain on sale of HRA non-current assets	2,719
4,509	Capital grants and Contributions	431
110	HRA share of contributions to or from the Pensions Reserve	364
(11,266)	Net (increase)/decrease before transfers to or from reserves	4,563
6,085	Transfers to/(from) reserves	-
(5,181)	(Increase)/decrease in year on the HRA	4,563
(9,429)	Balance on the HRA at the end of the current year	(4,866)

Notes to the Housing Revenue Account

H1. Analysis and Value of the Housing Stock

a) Number and Types of Dwelling in the Housing Stock

The Council was responsible for managing 4,892 dwellings on 31 March 2026:

31 March 2025	Number of Dwellings by Type	31 March 2026
	One bedroom dwellings	
326	- Houses and Bungalows	326
1,074	- Flats	1,072
	Two bedroom dwellings	
498	- Houses and Bungalows	496
923	- Flats	923
	Three bedroom dwellings	
1,876	- Houses and Bungalows	1,883
32	- Flats	32
	Four or more bedroom dwellings	
93	- Houses and Bungalows	95
60	Multi-occupied dwellings	65
4,882		4,892

On 31 March 2026 2.58% (2025: 2.27%) of lettable properties were vacant.
The change in stock can be summarised as follows:

2024/25	Dwelling Stock Reconciliation	2025/26
4,899	Stock at 1 April	4,882
(20)	Disposed, demolished, purchased in prior years	-
(8)	Less: Right to buy sales	(16)
(5)	Less: Market sales	(1)
4	Purchases	13
12	Newly constructed	14
4,882	Stock at 31 March	4,892

Balance Sheet Value

HRA dwellings are valued using the Beacon basis whereby all properties are linked to a set of 'beacon' properties and valued in line with the change in average value of the 'beacons'. Beacon properties were revalued 31 March

2026. The valuation is at 'Existing Use Value – Social Housing', which reduces values by a factor to reflect social housing tenancies. The factors for surrounding regions are set by central government each year, and 35% for 2025/26 (35% in 2024/25) has been deemed by a Registered Valuer and Local Property Expert as appropriate for St Albans.

31 March 2025 £'000	Housing land, dwellings and other property	31 March 2026 £'000
687,980	Dwellings	680,770
7,725	Other land and buildings	6,905
8,557	Garages	7,448
4,270	HRA shops	4,079
5,681	Assets under construction	1,451
714,213	Total property plant and equipment	700,653
1,294	Assets Held for Sale	2,488
715,507	Total land, dwellings and other property	703,141

Vacant Possession Value

The Vacant Possession Value is the Council's estimate of the total sum that it would receive if all dwellings were sold on the open market, whereas the Balance Sheet Value is calculated based on rents receivable on existing tenancies. Rents receivable are less than the rent that would be obtainable on the open market and therefore the Balance Sheet Value is lower than the Vacant Possession Valuation. The difference between the two values shows the economic cost of providing housing at less than market value.

At 31 March 2025 £'000	Vacant Possession Value	At 31 March 2026 £'000
1,969,353	HRA Dwellings	1,948,522

H2. Major Repairs Reserve

Authorities are required by the Accounts and Audit (England) Regulation 2011 to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. The movement in the reserve was as follows:

2024/25 £'000	Major Repairs Reserve	2025/26 £'000
(1,217)	Opening Balance 1 April	(2,135)
	Transfer to Reserve in year	
(8,498)	Depreciation Dwellings	(9,068)
(286)	Depreciation Non-Dwellings	(293)
-	Other transfers	(21)
(8,784)	Sub-total	(9,382)
7,866	Used to fund capital expenditure in year	11,517
(2,135)	Closing Balance at 31 March	-

H3. Capital Expenditure

a) HRA Capital Expenditure consists mainly of expenditure on the improvement of Council dwellings as shown in the following table:

2024/25 £'000	Categories of Capital Expenditure	2025/26 £'000
732	Kitchens and bathrooms	911
642	External walls and roofing	701
176	Windows and doors	768
1,607	Heating, wiring and plumbing	1,325
1,553	Others	3,788
613	Property Purchases	5,009
5,323	Council Dwellings Additions	12,502
154	Other land and buildings	70
6,559	Social Housing Development	1,982
975	Disabled Adaptations	543
6,109	Social Housing Decarbonisation	4,870
778	Other capital expenditure	4,841
19,898	Total Capital Expenditure	24,808

b) This was financed as follows:

2024/25 £'000	Financing of Capital Expenditure	2025/26 £'000
10,001	Major Repairs Reserve	11,770
6,559	Capital Receipts Reserve	4,722
2,232	Grants and contributions	3,963
1,106	Borrowing	4,353
19,898	Total Capital Funding	24,808

The Council has capital contract commitments 31 March 2026 of £1.1m (2024/25: £1.1m) relating to Housing Investment Programme schemes (the Housing capital programme).

H4. Capital Receipts

The number of Council property sales was 17 (2024/25: 13). The following table is a summary of the capital receipts from disposals of land, houses and other property within the Council's HRA during the financial year.

2024/25 £'000	Capital Receipts	2025/26 £'000
2,474	Dwelling sales (subject to pooling)	3,983
1,459	Non-pool able receipts	1,535
3,933	Gross capital receipts	5,518
	Payable to National Pool	
-	For current year	-
3,933	Retained Capital Receipts	5,518

H5. Depreciation

For Council dwellings land and buildings are split on a 33:67 basis. Land is not depreciated. Depreciation is on a straight-line basis over the following periods:

Structure: 100 years Roof: 70 years

Windows: 30 years Internal Components: 15-40 years

2024/25 £'000	Depreciation	2025/26 £'000
8,437	Dwellings	9,019
61	Multi Occupancy Properties	49
286	Garages	293
8,784	Total Depreciation Charged to the HRA	9,361

H6. Rent Arrears and Bad Debts

a) Arrears – amounts outstanding from Council Tenants

2024/25	Council Tenant Rent Arrears	2025/26
£'000		£'000
723	Arrears at 31 March	287
2.2%	Rent arrears as a percentage of gross rent income	0.9%

b) Bad Debts – provision for non-payment of rents

2024/25	Bad Debt Provision	2025/26
£'000	Includes HRA non-dwelling rent arrears	£'000
686	Bad debts provision at 1 April	493
(118)	Debts written off in the year	(86)
(75)	Increase/(decrease) in provision	(150)
493	Bad debt provision at 31 March	257

H7. Rent Rebates

Assistance with rents for those on low incomes is available under the Housing Benefits Scheme. In 2025/26 17.2% (2024/25: 22.5%) of the Council's rents receivable were by way of benefits. Rent rebates are chargeable to the General Fund and reclaimed from Central Government by way of a Housing Benefit grant.

Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from taxpayers and distribution to local authorities and the Government of the Council Tax and Business Rates.

2024/25 (£'000)			Collection Fund Income and Expenditure Account					2025/26 (£'000)				
Business Rates	Council Tax	Total						Business Rates	Council Tax	Total		
-	(143,367)	(143,367)	Income	Council tax receivable			C1	-	(151,316)	(151,316)		
-	(75)	(75)		Transfer for Transitional Relief, S13A(1)(C) Reliefs				-	(6)	(6)		
(62,009)	-	(62,009)		Business rates receivable			C2	(68,561)	-	(68,561)		
(2,984)	-	(2,984)		Less Transitional payment protection payable				(250)	-	(250)		
(64,993)	(143,442)	(208,435)	Total Income					(68,811)	(151,322)	(220,133)		
6,415	107,914	114,329	Expenditure	Precepts,	Demands	and shares:	Hertfordshire County Council			7,040	114,391	121,431
-	16,068	16,068					Police and Crime Commissioner for Hertfordshire			-	17,127	17,127
25,659	16,759	42,418					St Albans District Council (including Parishes)			28,161	17,521	45,682
32,073	-	32,073		Central Government			35,201	-	35,201			
184	-	184		Costs of collection			184	-	184			
(97)	-	(97)		Write-offs of uncollectable amounts			-	-	-			
805	514	1,319		Charges to	Collection	Fund	Allowance for impairment			96	935	1,031
240	-	240					Provision for appeals			2,882	-	2,882
372	-	372					Enterprise Zone			256	-	256
(4,124)	294	(3,830)		Contributions towards previous year's estimated Collection Fund surplus/(deficit)					C3	(1,914)	4,034	2,120
61,527	141,549	203,076	Total Expenditure					71,906	154,008	225,914		
(3,466)	(1,893)	(5,359)	Movement on Fund balance					3,095	2,686	5,781		
7,120	(2,156)	4,964	Balance at 1 April brought forward					4,163	(4,049)	114		
509	-	509	Adjustment to deficit 2023/24					-	-	-		
4,163	(4,049)	114	Balance at 31 March carried forward					7,258	(1,363)	5,895		
416	(3,105)	(2,689)	Shares of balance	Hertfordshire County Council			726	(1,046)	(320)			
-	(462)	(462)		Police and Crime Commissioner for Hertfordshire			-	(156)	(156)			
1,665	(482)	1,183		St Albans District Council (included in reserves)			2,903	(161)	2,742			
2,082	-	2,082		Central Government			3,629	-	3,629			
4,163	(4,049)	114	Total carried forward					7,258	(1,363)	5,895		

C1. Council Tax

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

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

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

Band	Property Value	Number of dwellings	Ratios	Band D equivalents
A	up to £40,000	594	0.67	398
B	between £40,001 and £52,000	1,940	0.78	1,513
C	between £52,001 and £68,000	7,619	0.89	6,781
D	between £68,001 and £88,000	13,935	1.00	13,935
E	between £88,001 and £120,000	11,880	1.22	14,494
F	between £120,001 and £160,000	8,850	1.44	12,744
G	between £160,001 and £320,000	7,815	1.67	13,052
H	over £320,000	1,350	2.00	2,700
		53,983		65,616
	Less adjustment for non-collection (1.5%)			(984)
	Council Tax Base for 2025/26			64,632
	Council Tax Base for 2024/25			64,014

<https://stalbans.moderngov.co.uk/documents/s50072328/Report%20-%20Council%20Tax%202025-26.pdf>

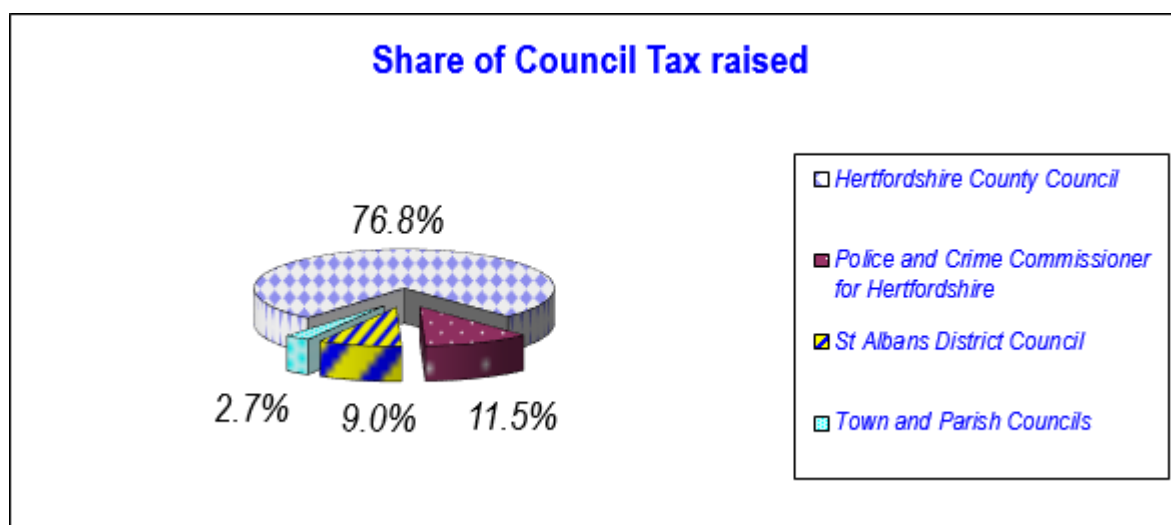
Council Tax Levy at Band D by Precepting Council:

2024/25	Council Tax Levy at Band D	2025/26
£1,685.75	- Hertfordshire County Council	£1,769.87
£251.00	- Police and Crime Commissioner for Hertfordshire	£265.00
£201.96	- St Albans District Council	£208.00
£59.84	- Town and Parish Councils	£63.08
£2,198.55	Average Council tax Levy at Band D	£2,305.95

<https://www.stalbans.gov.uk/where-your-council-tax-goes>

<https://www.stalbans.gov.uk/sites/default/files/attachments/SADC%20Community%20News%20Spring%20Edition%202025%20CT.pdf>

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



C2. Income from Business Rates

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

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

2024/25	Business Rate Factors	2025/26
170,949,867	Rateable value 31 March as notified by the Valuation Office Agency	170,466,003
54.6	Business Rate multiplier	55.5
49.9	Small business rate multiplier	49.9

<https://www.gov.uk/government/publications/012025-publication-of-business-rates-relief-information>

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

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

2024/25			Precepting Authorities	2025/26		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
(412)	225	(187)	Hertfordshire County Council	(191)	3,093	2,902
-	34	34	Police and Crime Commissioner for Hertfordshire	-	461	461
(1,650)	35	(1,615)	St Albans District Council	(766)	480	(286)
(2,062)	-	(2,062)	Central Government	(957)	-	(957)
(4,124)	294	(3,830)	Total surplus/(deficit)	(1,914)	4,034	2,120

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

ST ALBANS CITY AND DISTRICT COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2025-26

St Albans City and District Council – Annual Governance Statement 2025/26

Note: This statement remains in draft; it is being presented to both the Audit & Governance Committee and Full Council for approval.

Executive Summary and Overall Opinion

This Annual Governance Statement (AGS) for 2025/26 outlines how St Albans City and District Council has ensured sound governance arrangements to support the achievement of its strategic priorities, manage risk, and deliver effective and accountable services. Overall, the Council has maintained an appropriate and effective governance framework throughout the year, operating within the principles of good governance and in line with statutory requirements. This is supported by the Head of Internal Audit's opinion for 2025/26 that concluded the Council has effective risk management, governance and internal control frameworks.

In anticipation of potential Local Government Reorganisation (LGR), the Council has taken steps to ensure that governance, risk management and internal control arrangements remain effective, proportionate and focused on delivering core services and maintaining public accountability during a period of transition.

The Senior Leadership Team has undertaken an assessment of the arrangements for governance during 2025/26 including a review of the assurance checklists and statements submitted by managers. It has concluded that arrangements are fit for purpose and working effectively.

The Statement identifies a small number of governance issues requiring action.

We, the undersigned, are satisfied that appropriate governance arrangements are in place. We propose over the coming year to continue to review and where appropriate improve matters to further enhance our governance arrangements.

Signed:

Date:

Councillor Paul De Kort (Leader of the Council)

Signed:

Date:

Amanda Foley (Chief Executive)

1. Scope of Responsibility

- 1.1 St Albans City and District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this duty, the Council is responsible for putting in place proper governance of its affairs, the effective exercise of its functions, which includes arrangements for managing risk.
- 1.3 The Annual Governance Statement (AGS) describes the extent to which the Council has, for the year ended 31 March 2026, complied with its corporate code of governance and the requirements of the Accounts and Audit Regulations 2015, regulation 6(1). It also describes how the effectiveness of the governance arrangements has been monitored and evaluated during the year and sets out any changes planned for 2026/27.
- 1.4 The AGS has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) – The ‘Delivering Good Governance in Local Government Framework’ and its May 2025 Addendum. It embraces the elements of internal control required by the ‘Code of Practice on Local Authority Accounting in the United Kingdom’. Also supporting the AGS is the Council’s Code of Corporate Governance, which too is consistent with the principles of the SOLACE framework.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled. This includes the activities through which it engages with, leads and accounts to its communities. It enables the Council to monitor the achievement of its strategic objectives if appropriate, cost-effective services and activities in line with its policy and budget framework.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage the Council’s risks to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and corporate objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is a process designed to identify and prioritise the risks to the achievement of the Council’s policies and priorities. It evaluates the likelihood of those risks being realised, and the impact should they be realised, and to manage them economically, efficiently and effectively.

2.3 The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

2.4 The Council's Code of Governance recognises that effective governance is achieved through the following seven CIPFA/SOLACE principles:

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- (ii) Ensuring openness and comprehensive stakeholder engagement.
- (iii) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- (iv) Determining the interventions necessary to optimise the achievement of intended outcomes.
- (v) Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- (vi) Managing risks and performance through robust internal control and strong public financial management.
- (vii) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

2.5 The governance framework has been in place at the Council for the year ended 31 March 2026.

3. **The Governance Framework**

3.1 Key features of the Council's governance framework during 2025/26 included:

- i. **The Council Plan** – identifies and communicates the Council's vision, objectives and priorities.
- ii. **Risk Management** – a Corporate Risk and Opportunity Strategy overseen by the Senior Leadership Team and the Audit and Governance Committee. It is reviewed annually, last taking place September 2025. Risk registers (corporate and operational) are reviewed and updated throughout the year. The Corporate risk register reflects the objectives of the Corporate Plan and identifies the implications for the Council's governance arrangements. Where appropriate opportunities are identified and analysed alongside risks.
- iii. **The Constitution** – sets out the Council's decision-making framework and is regularly updated. This document:
 - gives a clear definition of the roles and responsibilities of councillors, committees, and the statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer);
 - includes an updated scheme of delegation of responsibility, financial regulations and contract standing orders; and
 - defines codes of conduct for Councillors and officers, and a protocol for how the two work together;

- includes Council Procedure Rules, Committee Procedure Rules and Access to Information Procedure Rules which have been revised to be in Plain English and therefore easier to understand;
 - includes revised Terms of Reference for Committees to improve understanding for the public and Councillors;
 - has been updated with minor amendments to Committee, and Council, Procedure Rules to improve clarity, such as the right of reply of proposers when re-introducing an item;
 - has been further updated to add a Code of Conduct for non-voting co-opted member; to remove chairing responsibility for regulatory committees; amend the Guillotine times and altering speaking at the Development Management Committee.
- iv. Council** – is the ultimate decision-making body for all matters other than those delegated to the Planning, Licensing and Standards Committees, and operational decision making to specific officers.
- v. Service and Scrutiny Committees** – (Strategy and Resources Committee, Planning Policy and Climate Committee, Public Realm Committee, and Housing & Inclusion Committee) are responsible for all decisions within their areas of responsibility, which are not otherwise delegated, or which can only be taken by Council. The committees also perform scrutiny on areas within the respective remits where appropriate.
- vi. Audit and Governance Committee** – this and the Standards Committee are Regulatory Committees. The Audit and Governance Committee reviews the effectiveness of the internal control, risk and governance environment, receives reports from the Internal and External Auditors and approves the Council's statutory accounts and the Annual Governance Statement. The Committee has an independent Chair and during 2025/26 a second independent person was appointed in line with Chartered Institute of Public Finance and Accountancy (CIPFA) best practice.
- vii. Standards Committee** – promotes high standards of conduct and has responsibility for overseeing investigations of complaints against Councillors.
- viii. Regulatory Committees** – ensure compliance to regulations:
- Licensing and Regulatory Committee
 - Licensing Sub Committee
 - Planning (Development Management) Committee
- ix. City Neighbourhoods Committee** – advances the localism agenda and encourages local groups to take a greater role in relation to the strategic oversight or management of assets. The councillor representation is drawn from the unparished wards in the City Centre. As these wards have no parish council, the City Neighbourhoods Committee (CNC) considers some matters which might otherwise normally fall within the remit of a parish council. This committee does not have its own decision-making powers and decisions are made by the Strategy and Resources Committee

- x. The Chief Executive** – (Head of Paid Service) as part of the Senior Leadership Team has delegated authority to take operational decisions within policies and budgets set by Council.
- xi. The Section 151 Officer** – the Section 151 Officer leads the finance service as part of a wider directorate that promotes effective financial management so that public money is safeguarded and used economically, efficiently and effectively.
- xii. The Monitoring Officer** is responsible for maintaining and advising on the Constitution. This officer ensures that the Council's decision-making is lawful and fair and supports the promotion of high ethical standards and compliance with the Codes of Conduct.
- xiii. Senior Leadership Team (SLT)** comprises the Chief Executive and the two Strategic Directors and is responsible for the day-to-day management of the Council. The Senior Leadership Team is supported by the Monitoring Officer and the Section 151 Officer.
- xiv. Asset Management Steering Group** - The steering group comprises of Lead Councillors, Senior Officers, and relevant project managers. The steering group does not have constitutional decision-making powers; these remain with the relevant service committee.
- xv. Risk Management** – a Corporate Risk and Opportunity Strategy overseen by the Senior Leadership Team and the Audit and Governance Committee. It is reviewed annually, last taking place September 2025. Risk registers (corporate and operational) are reviewed and updated throughout the year.
- xvi. Standard committee report format** – that includes specific consideration of all legal and constitutional, resource, professional, technical, environmental and sustainability, risk management, equality and diversity and health and wellbeing implications.
- xvii. Medium Term Financial Strategy** – which informs service planning and budget setting.
- xviii. A complaints procedure** – the Council's complaints policy is readily accessible on the Council's website.
- xix. Internal Audit** - a risk-based approach to internal audit, emphasising the need for sound control, governance and risk management arrangements. Internal Audit is a shared service hosted by Broxbourne Borough Council and includes Harlow and Epping Forest District Councils.
- xx. External Audit** - provides independent assurance over the Council's financial statements and value for money arrangements.
- xxi. Whistleblowing policy and process** – sits alongside the anti-fraud, bribery and corruption strategy (last updated September 2025) outlining the Council's zero tolerance approach to fraud, bribery and corruption. The whistleblowing

policy was reviewed and updated in September 2025 and disseminated to all staff.

4. Review of Effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the various sources noted below as well as the work of officers within the Council who have responsibility for the development and maintenance of the governance environment:

- Councillors carry out scrutiny at Service & Scrutiny Committee meetings alongside their decision-making role. The scrutiny function is carried out by submitting questions and Councillors' Items, which can include raising the profile of an issue or holding officers and Lead Councillors to account. This is set out in the Scrutiny Procedure Rules. It is also undertaken via questioning and debate during meetings.
- Annual reporting to Council on the work of the Audit and Governance Committee.
- Assurance checklists from managers and assurance statements from the Strategic Directors and Chief Executive provide evidence that the key elements of the system of governance, risk management and internal control are operating effectively;
- The work of Internal Audit including the Annual Report of the Head of Internal Audit (HIA's) which provides assurance in this regard is overseen by the Audit and Governance Committee. For 2025/26 the HIA's overall opinion was that the Council had, overall, in place adequate and effective governance, risk management arrangements and control processes. Where there have been significant issues these have been accepted by management and promptly corrected.
- The work of the Council's external auditor – including the annual Audit Results Report and other reports in relation to financial and other aspects of the Council's governance. At its 26 February 2026 meeting the Committee approved the audited Statement of Accounts 2024/25, taking into consideration KPMG's Audit Results report. As in recent years external audit gave a disclaimed audit opinion on the basis that they were unable to obtain sufficient audit evidence due to the timeframes imposed under the Governments backstop arrangements (this not unique to St Albans). There is a plan in place with KPMG on how assurances can be built over the next few years
- A comprehensive risk management process ensures that key operational and corporate risks across the Council are captured and reported to senior managers and the Audit and Governance Committee;
- Consideration of this document by the Senior Leadership Team with reference to the wider aspects of governance; and
- Significant governance issues from previous years and from 2025/26.

5. Governance Issues Identified

- 4.2 This final part of the AGS outlines the actions taken, or proposed, to deal with significant governance issues identified. The Council's Senior Leadership Team, which monitors and reviews the corporate governance framework, has ensured that the issues raised in the previous AGS have been or are going to be addressed as detailed in Table 1 below:

Table 1: Progress on significant governance issues identified in the 2024/25 AGS

Key improvement/review area identified in the 2024/25 AGS	Action taken in 2025/26 to address the issue
Local Government Reorganisation Local Government Reorganisation presents both opportunities and risks for the Council's communities, its staff and stakeholders. In 2025/26 the Council will need to ensure it maximises the opportunities and mitigates the risks in the short, medium and long term. The Council will need to ensure that it actively participates in and contributes to the Hertfordshire-wide Local Government Reorganisation programme and its constituent workstreams that have already been established. The Council will need to consult and engage with its own staff and with councillors, committees, residents, customers and partners about the proposals that are shaped for Hertfordshire. It will need to assess the risks and opportunities of the various options for unitary authority structures in terms of finance, service delivery, local democracy and public support. It will need to put in place robust plans, strategies and communications mechanisms to robustly manage the Council's operations between now and when the Council will cease to exist in April 2028.	The Strategy and Resources Committee supported the two unitary model at its meeting on Thursday 20 November. All 11 District and County Councils in Hertfordshire submitted their final proposals to the Government on Friday 28 November. These included three and four unitary models as well as the two unitary model. The final decision will be made by the Government, expected before the summer 2026 Parliamentary Recess. The transition planning phase is now underway. In Hertfordshire LGR is led through a co-ordinated, countywide programme involving all 11 councils (Hertfordshire County Council and the 10 districts/boroughs). This includes programme governance & service and enabler workstreams. Staff and the public continue to be regularly updated on progress with LGR and risks associated with LGR continue to be considered.

Key improvement/review area identified in the 2024/25 AGS	Action taken in 2025/26 to address the issue
Community Governance Review (CGR) The Strategy and Resources Committee will consider the merits and costs of undertaking a districtwide Community Governance Review (CGR) at its meeting on 26 June 2025. At that time, the Committee will decide whether to recommend to the Council that a District-wide review be undertaken. If it does, and if Full Council resolves to undertake a Community Governance Review, then this will be a key piece of work to be taken forward and monitored during 2025/26.	Full Council on 16 July 2025 agreed to go ahead with a Community Governance Review. Terms of Reference and a timeline were agreed which include two periods of public consultation. The initial consultation period of the review ran from 4 August to 6 October 2025 and all responses have been published. All responses received were submitted to the Strategy and Resources Committee on 20 November. The Committee decided on draft recommendations that formed the basis of a second round of public consultation. The second round of consultation ran from 8 December 2025 to 23 February 2026. The results are being analysed. The aim is for final recommendations to be proposed at the 23 June 2026 Strategy and Resources meeting, with recommendations to the Full Council meeting 15 July 2026.
Financial Stewardship As identified in the 2023/24 AGS, it is important the Council does not become complacent about ensuring a year-on-year balanced budget. The lack of clarity from central government about future financial settlements hampers the process. Throughout 2024/25, the Council maintained strong financial stewardship, guided by its Medium-Term Financial Strategy. Regular budget monitoring reports were produced for the Senior Leadership Team and shared with the Lead Councillor for Resources and the wider leadership team. This enabled timely corrective action where required. The Section 151 Officer	2026/27 budget proposals were drafted taking into consideration the Local Government Finance Settlement. The 2026/27 Settlement is the first multi-year Settlement in a decade, running from 2026/27 to 2028/29 Budget proposals were considered by all service and scrutiny committees in January and February 2026 prior to Full Council approval on 26 February 2026. The Council has set a balanced budget.

Key improvement/review area identified in the 2024/25 AGS	Action taken in 2025/26 to address the issue
confirmed that effective internal controls were in place to safeguard public funds and uphold ethical standards in decision-making. The Government has announced that multiyear settlements for local government will be introduced from 2026/27. A three-year funding settlement will provide more certainty which will enable the Council to plan more effectively and manage risks. The Council will continue with its RAG approach to budget proposals indicating the extent to which proposals are achievable and providing early insight into whether savings are on track to be delivered. Early engagement with officers and Councillors continues to be key. For example, there is a significant financial pressure around homelessness for 2025/26. SLT is actively considering a range of strategies and activities to address this.	
Financial Management Code The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code, authorities will be able to demonstrate their financial sustainability. A high level review has been undertaken to ensure the Council was adhering to the key principles of the Code. The more detailed review of the FM Code started in 2024/25 will be completed during 2025/26. To date	The detailed review has been completed. Overall, the Council is compliant with the Code. There were three minor areas that require enhancement to bring it in line with good practice and an action plan has been put in place to deliver these around updating Financial Regulations, improving external stakeholder engagement when undertaking financial planning and making better use of option appraisals.

Key improvement/review area identified in the 2024/25 AGS	Action taken in 2025/26 to address the issue
there are no significant areas of non-compliance, but opportunities to make improvements. An action plan will be created to ensure these are implemented within agreed timescales and shared with SLT and the Audit and Governance Committee.	
Common themes from the Service Assurance Statements were:	
Make better use of data to support decision making. Make better use of Artificial Intelligence As identified in last year's action plan and service assurance statements the Council could do more to improve its use of data. This includes the use of Artificial Intelligence (AI) and to use AI to help improve/streamline our services. As highlighted in last year's action plan and service assurance statements, there remains significant potential for the Council to enhance its use of data to inform decisions and improve service delivery. This includes advancing our capabilities in Artificial Intelligence (AI) and automation to streamline processes, reduce manual effort, and deliver more responsive, efficient services. By embedding AI and intelligent automation into our operations, drawing inspiration from best practice across the sector, we can unlock new insights, improve forecasting, and create more seamless experiences for both staff and residents.	The Council's maturity with AI is improving through an active awareness and training campaign. Officers and Councillors are being actively encouraged to make use of AI tools, data visualization platforms, business intelligence services, to think 'outside of the box' and to exploit technology when looking at service provision. An AI policy has been developed to support this with associated guidance. The training and awareness campaign started in 2024/25 and continued during 2025/26 to upskill everyone and to ensure they are aware of the risks and opportunities associated with this. Performance Dashboards for Complaints, Homeless and other services are now live and in use. Utilising the potential of Power Bi and system integrations. This has allowed services to better analyse patterns and trends to improve delivery and customer experience. The ICT, Digital and Transformation teams continue to lead the way with the Council's AI initiatives supported by an approved AI policy. Approval has been granted to the roll out of Microsoft Co-Pilot for officers who

Key improvement/review area identified in the 2024/25 AGS	Action taken in 2025/26 to address the issue
	are now able to request licenses through ICT. New AI tools for phone lines have been implemented following a trial of AI with a mailbox. The Council continues to explore AI potential use cases for services to assist performance. Encouraging officers to use the AI tools safely and securely. The roll out of AI and data reports for services continues. Identifying potential options for improvements.
Procurement Officers value the Council's Procurement Team, especially for their professional support and guidance in delivering compliant and effective procurement activities. During the year the Council experienced capacity challenges within the Procurement Team which led to delays in some procurement activities although no statutory breaches occurred, including when going out to tender. This issue had already been recognised by management and additional resources have been brought in to strengthen the Procurement Team. During 2025/26 there will be a focus on training and awareness for officers, especially in light of the new Procurement Act 2023.	The Procurement Team continues to ensure the Council's contract register is up to date and being actively monitored in light of LGR. Through this training requirements are being assessed. In the meantime, the Procurement Team has been issuing operational guidance on the Council's procurement requirements to staff. Furthermore, a series of drop-in sessions with procurement and legal staff have been arranged to support managers with any procurement-related questions or concerns.

- 4.3 In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement or monitoring during 2026/27. These are set out in the table below, together with the steps to be taken to address them. They include those relevant ones carried over from last year's AGS:

Table 2: Areas for improvement or monitoring during 2026/27

Area for improvement or monitoring identified in the 2025/26 AGS	Action to be taken in 2026/27 to address the issue
Local Government Reorganisation The Council is proactively preparing for Local Government Reorganisation, both internally and working with our Hertfordshire counterparts. 2026/27 is likely to be the shadow / implementation preparation phase following a Government decision. It is important to retain robust governance arrangements, maintain financial resilience, and ensure continuity of high-quality service delivery throughout transition	Governance focus will be: • Clarity of decision-making and accountability during transition • Managing risks while operating as a sovereign authority • Maintaining compliance, service delivery and financial control As well as ensuring the Council retains sufficient staff capability and capacity during this period of organisational change. Action owner: Chief Executive Target Completion Date: 1 April 2028 (vesting day for the new unitary)
Community Governance Review (CGR) Implementation If CGR recommendations are agreed in 2026, implementation will carry into 2026/27. Governance risks: • Delivering statutory changes lawfully and transparently • Managing expectations of residents and parishes • Preserving civic and ceremonial arrangements	If agreed this key piece of work will need to be implemented effectively during 2026/27. Action owner: Strategic Director – Customer, Business and Corporate Support Target Completion Date: 31 March 2027
Common themes from the Service Assurance Statements were:	
Project Management Core project management controls are in place and generally support delivery to time, budget, and specification. However, application is not always consistent, particularly for smaller projects, and there is scope	This will be picked up as Action owner: Strategic Director and Assistant Director – Operations and Strategic Projects Target Completion Date: 31 March 2027

Area for improvement or monitoring identified in the 2025/26 AGS	Action to be taken in 2026/27 to address the issue
to strengthen early planning, risk management, and formal reporting.	

- 4.4 The Senior Leadership Team will oversee this action plan over the coming year and report on progress to the Audit and Governance Committee. The Senior Leadership Team will ensure that governance issues continue to be promoted, addressed and monitored in a co-ordinated manner throughout the next financial year.