Public Document Pack

Audit Committee
Supplementary Information

Date: Tuesday, 30 May 2023
Time: 2.00 pm
Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

19. Statement of Accounts Year Ended 31 March 2021

(Pages 2 - 178)

20. Draft Statement of Accounts 2022/23

(Pages 179 - 346)

Issued by: Allison Taylor, Democratic Services
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Date: Thursday, 25 May 2023

Audit Committee

30 May 2023

Report of: Director of Finance

Title: Statement of Accounts Year Ended 31 March 2021

Ward: City Wide

Officer Presenting Report: Denise Murray

Contact Telephone Number: 0117 3576255

Recommendation

1. Audit Committee approves the Statement of Accounts for the year ended 31 March 2021.

Summary

This report should be considered alongside the final ISA260 report being presented by the Council's external auditor.

The Statement of Accounts sets out the Council's financial position as at the 31 March 2021 along with a summary of its income and expenditure for the year to 31 March 2021. The financial statements are the main method of demonstrating financial accountability and stewardship.

The draft accounts were last presented to Audit Committee for approval on 8 March 2022, at which point Grant Thornton had substantially completed their audit work on the financial statements. However, prior to signing, a national issue relating to the valuation of infrastructure assets came to light, effectively putting on hold the signing of the accounts until a solution to this issue could be determined.

The audit has identified a number of other adjustments to the accounts since the Statement was last presented to Members. These are summarised in this report.

Policy

None affected by this report.

Consultation

1. **Internal**
   Executive Members and senior management

2. **External**
   The draft accounts were available for public inspection.

Background and Context

1. Audit Committee previously received the Statement of Accounts at its meeting of 8 March 2022. In the intervening period there have been a number of progress reports from the External Auditor. These have identified some amendments and technical adjustments, including those for infrastructure assets, to the Statement since its last publication and these are outlined in paragraph 5 below.

2. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.

3. The annual accounts presented for approval have been audited by the external auditors, Grant Thornton, who have reviewed and undertaken significant testing of the financial statements and processes to complete them to ensure they have been prepared in line with regulatory and statutory requirements. Their findings and opinion on the accounts are reported separately as part of their findings report to Audit Committee.

4. The External Auditors, Grant Thornton, propose to issue an unqualified audit opinion on the Council's financial statements. There remain a small number of outstanding matters under consideration.

5. The Audit has identified several changes to the draft accounts previously circulated. Besides several minor corrections and updates to disclosure notes there are several more significant adjustments impacting on the financial statements,

   I. In January 2023 CIPFA issued a temporary solution to the national issue relating to accounting for infrastructure assets, impacting on accounts for

2020/21 and subsequent years. This has resulted in changes to the presentation of the Property, Plant and Equipment in note 20 of the Statement, along with the provision of some additional disclosure notes. As the change is not retrospective the 2019/20 comparative table has not been amended.

II. In 2021/22 the Council changed it valuation method for a number of assets from existing use value to depreciated replacement cost. As the 2020/21 comparative year remained open there was a requirement to carry out a similar exercise on the closing values of the same assets as at 31 March 2021. This has resulted in an increase in asset values as at 31 March 2021 of £14.1m. This adjustment has been put through the accounts. This impacts on the Comprehensive Income and Expenditure Statement and Balance sheet and the Property, Plant and Equipment note 20 and the Revaluation Reserve note 34.

III. The grant element of Revenue Expenditure Funded from Capital Under Statute (REFCUS), has previously not been properly disclosed in three notes to the accounts. These are, note 17, Grants Credited to Services", note 26, Capital Expenditure and Capital Financing and note 34 Unusable Reserves, the Capital Adjustment Account. These notes have now been amended. It should be noted that these amendments have no impact on the primary statements.

IV. There were several small changes to the group accounts consolidated cash flow statement and the group financial instrument notes. These amendments reflect subsequent changes between the subsidiary companies draft and final audited accounts.

7. The post balance sheet event note 5 has been updated to incorporate events noted in the 2021/22 accounts (as 2020/21 were still open) and a detailed commentary covering Bristol City Leap.

8. Attached at Appendix 2 is the Letter of Representation. This is provided by the Council in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

Other Options Considered

Not applicable

Risk Assessment

The Statutory Accounts need to be formally published as soon as practicable. This report, together with the Annual Governance Statement, forms part of the assurance process.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:
Appendix 1 Statement of Accounts 2020/21
Appendix 2 Letter of Representation

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Final Accounts working papers held in Corporate Finance

Draft Statement of Accounts

Bristol City Council, for the year ended 31 March 2021

(Subject to audit)

The Accounts and Audit Regulations 2015 require the city council to prepare a set of Financial Statements. The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Contents

Notes supporting the Balance Sheet

Notes supporting the Cash Flow Statement

Other Notes

5. Supplementary Accounting Statements

6. Group Accounts

ACCOUNTING PERIOD - This is the length of time covered by the accounts. This is normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES – The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

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

ACTUARY - An independent consultant who advises on the financial position of the Pension Fund.

ACTUARIAL GAINS AND LOSSES - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because either:

Events have not coincided with the actuarial assumptions made for the last valuation; or

The actuarial assumptions have changed

ACTUARIAL VALUATION - Every three years a review is carried out by the actuary on the Pension Fund's assets and liabilities reporting to the Council on the Fund's financial position and recommended employers' contribution rates.

AMORTISATION - The writing off, of a loan balance or intangible asset over a period to revenue.

ANNUAL GOVERNANCE STATEMENT – The annual governance statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

ASSET - An asset is something that the Council owns that has a monetary value. Assets are either current or long term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors)
- A long term (fixed) asset provides the Council with benefits for a period of more than one year (e.g. property, plant, and equipment).

BALANCE SHEET - The Balance Sheet is a financial statement summarising the overall financial position of the Council at the end of the financial year.

BILLING AUTHORITY - The billing authority is responsible for levying and collecting the Council Tax in its area, both on its own behalf and that of its precepting authorities.

BUDGET - The budget represents a statement of the Council's planned expenditure and income.

CAPITAL ADJUSTMENT ACCOUNT - This is the money set aside in the Council's accounts for capital spending and to repay loans.

CAPITAL CHARGES - This is a charge made to the Council's service revenue accounts to reflect the cost of utilising property, plant, and equipment in the provision of services.

CAPITAL EXPENDITURE - Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

CAPITAL FINANCING - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

CAPITAL RECEIPT - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

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 short-term, highly liquid investments that are readily convertible to cash, for example bank call accounts.

CODE - The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

COLLECTION FUND – A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities and the NNDR pool. The fund must be maintained separately from the Council's General Fund.

COMMUNITY ASSETS - Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

COMPRESHENSIVE INCOME AND EXPENDITURE ACCOUNT – A statement which details the total income received and the expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

CONTINGENT ASSET - A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITIES - A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council

  or

- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

COUNCIL TAX - A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE - An amount calculated by the billing authority, by applying the band proportions to the total properties in each band to ascertain the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

CREDITORS - Amounts of money owed by the Council for goods or services received.

CURRENT ASSETS - Items that can be readily converted into cash.

CURRENT LIABILITIES - Items that are due to be paid immediately or in the short term.

DEBTORS - Amounts of money owed to the Council for goods or services provided.

DEDICATED SCHOOLS GRANT (DSG) - A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION - A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

DIRECT REVENUE CONTRIBUTIONS - Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES - Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EXIT PACKAGES - The cost to the Council of early termination of staff employment before normal retirement age.

EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS) - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXTERNAL AUDITOR - The auditor appointed by the Public Sector Audit Appointments (PSAA) to carry out an audit of the Council's accounts. The current auditor is Grant Thornton.

FAIR VALUE - Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

FINANCE LEASE - A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

FINANCIAL YEAR - The local authority financial year starts on 1 April and ends on the following 31 March.

GENERAL FUND - This is the main revenue account of the Council. The fund includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and the City Council's share of Council Tax. It excludes the Housing Revenue Account. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

GOVERNMENT GRANTS - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

GROUP ACCOUNTS – Where a Council has a material interest in another organisation (e.g. a subsidiary organisation) group accounts must be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.

HERITAGE ASSET - Assets held and maintained principally for their contribution to knowledge and culture. Examples of Heritage Assets are historical buildings, civic regalia and museum and gallery collections.

HOUSING REVENUE ACCOUNT (HRA) - The HRA includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA.

IMPAIRMENT - This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS – Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

INTANGIBLE ASSETS - Assets which do not have a physical form but provide an economic benefit for a period of more than one year for example software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) – International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

LEASING - Method of financing the acquisition of capital assets, usually in the form of operating or financing leases.

LIABILITIES - Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

MAJOR REPAIRS RESERVE (MRR) - This reserve is for capital expenditure on HRA assets.

MINIMUM REVENUE PROVISION (MRP) - A statutory amount, that must be charged to revenue, to provide for the redemption of debt.

MOVEMENT IN RESERVES STATEMENT – This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

NATIONAL NON-DOMESTIC RATE (NNDR) – More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. Since 1 April 1990 the poundage level has been set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

NET BOOK VALUE - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

NON-CURRENT ASSETS - Assets which yield a benefit to the Council for a period of more than one year.

NON-OPERATIONAL ASSETS - Fixed assets held by a Council, but not directly occupied, used, or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

OPERATING LEASE - This is a lease where the effective ownership of the asset remains with the lessor.

OPERATIONAL ASSETS - Fixed assets held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

OUTTURN - This is the actual level of expenditure and income for the financial year.

PENSION FUNDS - For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

PENSION STRAIN - The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

PRECEPT - This is the method by which a precepting authority (Avon and Somerset Police & Crime Commissioner, Avon Fire Authority) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

PRIOR YEAR ADJUSTMENT - A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

PRIVATE FINANCE INITIATIVE (PFI) - PFI started in 1997/98 and offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PROPERTY, PLANT AND EQUIPMENT (PPE) - Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

PROVISIONS - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

PRUDENTIAL CODE - The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. To demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

PUBLIC WORKS LOAN BOARD (PWLB) - A body, part of the Debt Management Office (a government agency) which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the national Loans Fund and rates of interest are determined by the Treasury.

RATEABLE VALUE - The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of nondomestic properties. Business rate bills are set by multiplying the rateable value by the year's NNDR poundage (which is set by the Government). Domestic properties no longer have rateable values; instead they are assigned to one of the eight council tax valuation bands.

RELATED PARTIES - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies' precepting or levying demands on the Council Tax, its members and its chief officers.

RESERVES - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

REVALUATION - Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

REVENUE EXPENDITURE – The regular day to day running costs of items including salaries and wages and other running costs incurred to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS) - Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

SURPLUS ASSETS - Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

SOFT LOANS - Funds received and advanced at less than market rates.

UNSUPPORTED BORROWING - Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

USABLE CAPITAL RECEIPTS - This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

Introduction

An introduction to the 2020/21 statement of accounts by the deputy mayor and portfolio holder for finance, governance and performance, Councillor Craig Cheney.

The 2020/21 financial year was another challenging year for local government finances with the COVID-19 pandemic casting even more uncertainty, both on the future economic outlook nationally and locally, and the funding for public services.

Despite the funding pressures and financial impact of COVID-19 we have made strong progress in our key priorities of making Bristol a more inclusive city where no one is left behind. During the year we invested over £1bn providing services for our city in delivery of our commitments within our Corporate Strategy and aligned to the One City Plan for Bristol.

Highlights of our achievements over the last year include:

- The We Are Bristol helpline was set up during the pandemic to provide support and assistance to our most vulnerable citizens. The service answered hundreds of calls and linked in with more than 1,100 Can Do Bristol volunteers to provide 4,500 residents with food supplies, medication, and telephone befriending
- Helped nearly 1,500 people who were rough sleeping or homeless, to move into emergency accommodation. The pandemic has accelerated city-wide ambitions to end rough sleeping in the city and our drive to build sustainable and affordable housing.
- The rapid distribution of over £140m worth of government grant support to support businesses across the city impacted by lockdowns. This sum was spread across a total of almost 11,500 separate grants.
- Our community work was recognised nationally as an example of best practice for COVID-19 vaccination take up. The vaccine community engagement plan increased uptake of the vaccine amongst communities with low levels of vaccine confidence and where there was strong anti-vaccine messaging. Several pop-up clinics were run in mosques and community centres with more than 450 of the most at risk individuals vaccinated at just one of the clinics.
- The Public Health team developed the Local Outbreak Management Plan which covered seven key themes: outbreak prevention and response, test, trace and isolate, communication and engagement, data, recovery, protection and enforcement and how the city deals with the ongoing challenge of COVID-19.
- The One City Plan to work towards the future we want for Bristol by 2050 and the steps needed to take to achieve it.
- Driving the continuing success of the Western Gateway, a collaboration between the west of England and South Wales to secure inclusive economic growth and prosperity for Bristol and the entire partnership area, and to deliver investment and job opportunities for our people and communities.
- Accelerated plans to prioritise sustainable transport in the city centre including new bus and bike lanes, and street pedestrianisation. By increasing public transport use, walking, and cycling, we are building a business case for a mass transit system.
- Our apprenticeship team 'Onsite Bristol' helped train 321 apprentices currently on the programme. A further 721 applications having been received from potential new recruits.

- Continued to expand the pipeline of new homes, including 190 in Lockleaze, 265 in Southmead, 120 at Glencoyne Square, 154 new homes in Knowle, and 133 at Ashton Rise, many of which are now complete.
- Delivered the award-winning Bristol Housing Festival's high quality, low energy living ZedPods in St George.
- Bristol became a period friendly city providing people with access to affordable, sustainable menstrual products.
- Reduced digital poverty in the city by providing recycled laptops to those most in need. Working with Bristol Waste and partners across the city, the scheme aimed to recycle and re-distribute 3,600 council laptops.
- Reduced holiday hunger by issuing 20,000 free school meal vouchers
- Development of the new Trinity Secondary School in Lockleaze in response to the need to increase year seven places within the city.
- Approved the SEND Sufficiency and Capital programme which will invest over £28m in Bristol's special schools, and result in major improvements to current special schools, as well as significantly increasing the number of specialist places available for students with SEND.
- South Bristol Household Waste Reuse and recycling Centre took a step forward with construction work beginning on the new site on Hartcliffe Way. It will be the largest household recycling centre in the region.

We will continue to be committed to our determination to provide the best and most cost-effective services for our residents in the face of these ongoing uncertainties.

I would like to take this opportunity to thank all colleagues across the Council for their enormous effort throughout the year to deliver services within the difficult financial constraints, provide value for money for the taxpayer and focus on efforts to support residents through the immediate and longer-term impacts of the coronavirus pandemic.

We are focussed on providing transparency for residents to judge whether tax-payer money has been spent properly and be assured from our performance and improvement programmes that we are in a better place to tackle the financial and other challenges ahead.

Councillor Craig Cheney

Deputy Mayor – Finance, Governance, Property and Culture





Narrative Report

Background

Bristol is the largest city in the south west of England, covering an area of 110 square kilometres. It is the 10th largest city in the United Kingdom and one of the 11 Core Cities. It has a population of around 463,000 living in approximately 203,500 dwellings.

Bristol is part of the West of England Combined Authority and is well connected by road, rail, sea and air. It has one of the most vibrant and successful economies in the UK and from Brunel to Banksy has a history of achieving great things. Within the West of England, Bristol is the primary economic centre with nearly half of all the jobs (44.8%) and enterprises (40.1%).

The city has won a number of awards in recent years; the European prize in 2019 for its One City approach to join up local governance, the UNESCO City of Film in 2017 as well as England's first UNESCO Learning City, UK's smartest city and European City of Sport in 2017.

Despite the devastating effect of the pandemic on the culture and creative sector, Bristol has used its creative talent to adapt wherever possible. The successful Wildscreen Festival, the world's largest wildlife film and TV festival and Encounters film festival went virtual, attracting speakers such as Sir David Attenborough and Greta Thunberg and launching the Lockdown Depict short series of films.

Bristol is a UNESCO City of Film and has led the design and development of the multilingual Cities of Film website which launched in July 2020.

COVID-19 Pandemic Impact and Response

The last year (2020/2021) has been one of the toughest with COVID-19 and the health and wellbeing of Bristol residents has been adversely impacted by the pandemic. The pandemic has highlighted long-standing health, social and economic inequalities, and the impact on the prospects of its residents. The full extent of the impact and the effect it has had on health inequalities across the city is not yet clear and work will need to take place in the future to fully understand the impacts.

While the diverse and high skilled economy of the city has provided some protection for key industries and employment, the full impact on the economy, businesses, and the labour market, is still unknown.

The challenges of the pandemic continue but it is important to reflect and recognise the many examples of good work that have taken place:

- The We Are Bristol helpline was set up during the pandemic to provide support and assistance to our most vulnerable citizens. The service answered hundreds of calls and linked in with more than 1,100 Can Do Bristol volunteers to provide 4,500 residents with food supplies, medication, and telephone befriending
- Helped nearly 1,500 people who were rough sleeping or homeless, to move into emergency accommodation. The pandemic

has accelerated city-wide ambitions to end rough sleeping in the city and our drive to build sustainable and affordable housing.

- During 2020/2021 Bristol City Council provided £13,014,664 in coronavirus business financial support grants where the authority had a degree of discretion over the grants distribution. It also issued £131,753,772 in other coronavirus business support grants where it acted as a distribution point between central government and the recipients and had no control over the amount of grant allocated to each business. In the latter case the incoming and distributed monies are not included in the comprehensive income and expenditure statement in accordance with the Accounting Code of Practice.
- In addition, the Council has assisted 11,287 working households with up to £150 towards their council tax bills (this is in addition to our Council Tax Reduction Scheme, which provides up to 100% relief for those who are on welfare benefits). An additional £1m has been provided to boost the Local Crisis Prevention Fund, providing payments for immediate living expenses, household goods and assisting school age children regarding school uniform, activities and equipment during the year.

  A further £1.2m has been added to the Discretionary Housing Payment budget to reduce the risk of homelessness and support the maintenance of tenancies during the year. To support the "move on" fund, an additional £420k was provided to support those who had been living in hostels and hotels during the pandemic whose time there has come to an end, to alleviate possibility of street homelessness. £235k has been provided to assist those with no recourse to public funds, so refugees, those who are without settled immigration status.

  Additionally, there has been support in every school holiday (including half term) since October 2020 for every child aged 2 or over that is either in receipt of free school meals or the pupil premium. This was at a cost of around £1.2m.

  An award of £282k was made to 20 community organisations across the city in January 2021 to allow funds to go directly to our most deprived communities. £40k was awarded to Bristol's care leavers in December 2020 to give them some help with their food and heating costs. £608k was awarded to Bristol's 15 foodbanks and Voluntary organisations that have supported those who are vulnerable during the pandemic.
- Our community work was recognised nationally as an example of best practice for COVID-19 vaccination take up. The vaccine community engagement plan increased uptake of the vaccine amongst communities with low levels of vaccine confidence and where there was strong anti-vaccine messaging. Several pop-up clinics were run in mosques and community centres with more than 450 of the most at risk individuals vaccinated at just one of the clinics.
- The Public Health team developed the Local Outbreak Management Plan which covered seven key themes: outbreak prevention and response, test, trace and isolate, communication and engagement, data, recovery, protection and enforcement and how the city deals with the ongoing challenge of COVID-19.
- COVID-19 enabled the city to reconsider how it uses road space. The council accelerated existing plans to close the centre of Bristol to through traffic enabling more reliable bus journeys and safer and more attractive walking and cycling routes.

In October, the initial priorities for recovery and renewal in Bristol's Economic Recovery and Renewal Strategy. This strategy will focus on reducing poverty and inequality; increasing the city's resilience and environmental sustainability; and enhancing the economic and social wellbeing of every community as the city recovers.

Despite these challenges Bristol is still a city of hope and ambition.

Our Services 2020/21

The following core services are provided by the council:

Core Services:

Adults, Children, Education and Public Health:

- Education, Learning and Skills Improvement
- Safeguarding vulnerable adults and children
- Social care and support for adults including the elderly
- Support for carers Commissioning services
- Public Health
- Coordinates Bristol's response to crime, community safety and antisocial behaviour

Growth & Regeneration:

- Museums and Culture
- Property
- Economic development
- Energy services
- Library services
- Community Services Parks and open spaces
- Licencing
- Housing and Landlord Services

Resources:

Provides internal support services including:

- Digital Transformation and ICT
- Finance, Workforce and Change
- Policy Strategy and Communications
- Legal and Democratic Services
- Commercialisation and Citizen Services

Ring-fenced Accounts:

Housing Revenue Account:

- Accounts for the management and maintenance of around 26,833 council homes in Bristol.

Dedicated Schools Grant including SEND:

- Grant funding the majority of the council's expenditure on schools and supporting children with additional and special educational needs and disabilities (SEND). The grant can only be used to meet expenditure properly included in the schools budget.

Public Health:

- An annual ring fenced grant from the Department of Health. Funds the council's statutory duties to improve public health.

We work with local partners (including charities, businesses and other public services providers like the police and the NHS) and residents to determine and deliver local priorities. Typically councils like us provide over 700 services, either directly ourselves or by commissioning services from outside organisations.

Our Leadership and Workforce:

Our 70 elected councillors represent the people of Bristol and set the overall policy of the council.

- **Mayor, Marvin Rees**, elected mayor for Bristol, with city council responsibilities that include ultimate responsibility for all major policy decisions, setting the vision and direction of the council; and making 'executive' decisions within the budget and policy framework set by Full Council.
- **Our workforce** - Overall, our workforce comprises 7,189 'full time equivalent' employees. Of this total, 1,748 are employed within our locally maintained schools.
- **The One City Plan** - The One City Approach brings together a wide range of public, private, and third sector partners within Bristol. They share an aim to make Bristol a fair, healthy and sustainable city. The One City Plan describes where we want to be by 2050, and how city partners will work together.

Our Performance

All statistics on the next two pages are the most up to date statistics available at the time of publication

Key facts: Communites & living

80% of residents are satisfied with their local area as a place to live. (2020 Bristol Quality of Life survey) (**79%** 2019/20)

71% felt that people from different backgrounds get on well together in their local area.

70.5% of residents think air quality and traffic pollution is a problem locally (2020 Quality of Life Survey)

19.7% of residents reported below average levels of mental wellbeing (2020 Quality of Life Survey).

Key facts: Housing

1,350 new homes built in Bristol in 2019/20 (**1,799** 2018/19)

Nearly **3,300** student units have been completed between 2006 and 2020

£ homes

Over **3,500** afforable homes built in Bristol since 2006

Prevented **1,512** households from becoming homeless during 2020/21

543 people housed in emergency COVID-19 accommodation had subsequently been resettled as at 31 Dec 2020.

50 people sleeping rough in a single night in Bristol compared with **98** in November 2019. (National annual count - November 2020)

Key facts: Adult Social Care

4,090 adults received a community-based social care support during 2020/21

a further **1,840** care home places were funded

Our performance

Key facts: Culture & Creativity

33% participate in cultural activities at least once a month

(**43%** 2019/20)

Key facts: Education

78.9% rated as Good or Better for overall effectiveness

OFSTED (March 2021)

Key facts: Transport and sustainability

Number of people who ride a bike at least weekly **28%**

(**27%** 2019/20)

87 bus journeys per head of population in 2019/20

(from **68.2** in 2013/14)

129kg of waste per household was landfilled in 2019/20

compared with **230kg** in 2016/17

45% of all household waste was sent for reuse, recycling and composting in 2020/21

(**37.4%** 2009/10)

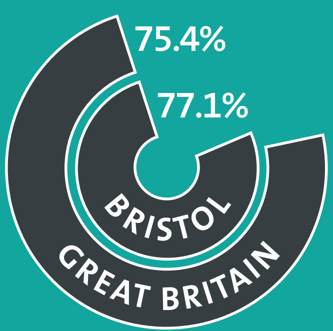
CO_2

Citywide CO2 emissions have decreased by **40%**

(2005-2018)

Key facts: Economy & employment

254,500 working age residents were in employment in December 2020.



Average earnings

£31,900 Bristol

£30,500 UK

(**£30,400** in 2019)

Financial Performance

The Council is a large and diverse organisation and our accounts are by their nature technical and complex. This section of the report provides an explanatory narrative to the key elements of the statements and sections in the accounts and provides a summary of our financial performance for 2020/21.

Revenue Financial Summary 2020/21

Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves.

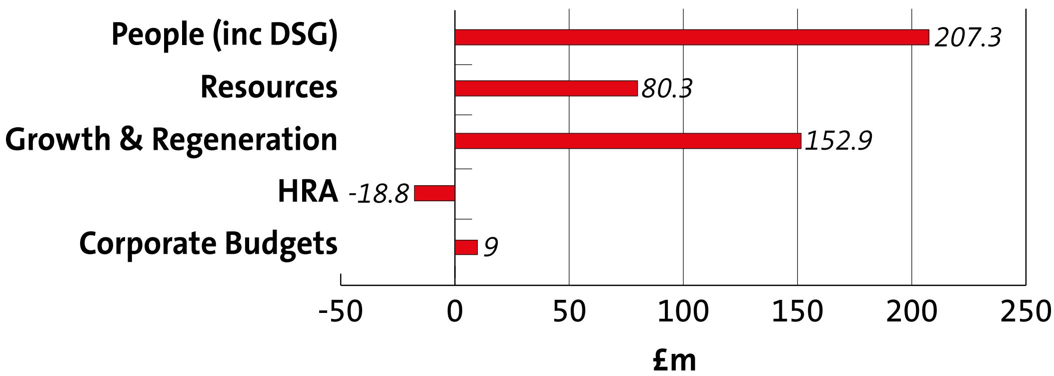
The net General Fund outturn is £450.6m and in the context of the original budget/funding set in February 2020 (£395.7m) presents an in-year overspend of £54m. This takes into account the gross Covid-19 pressures of £74.7m and a surplus on non-Covid activities of £19.7m at year-end.

The financial impact of the Covid-19 pandemic on the Council's General Fund budget in 2020/21 (i.e. excluding Housing Revenue Account, DSG and collection of Council tax or Business Rates income) is £74.7m for the year. This was made up of £50.6m additional expenditure and the inability to deliver planned savings, as well as £24.1m reduction in income from sales, fees, and charges. Government coronavirus funding to Council's was reactive, fragmented, and piecemeal, with some elements being allocated towards the end of the financial year and ringfenced to specific activity. As a result, carry forwards of £14.4m of Covid-19 grants and underspends in the Council's own funds of £8.1m previously earmarked to bridge the Covid-19 funding gap, were necessary.

However, as a result of the positive outturn position, our finances are in a better place to meet the ongoing Covid-19 challenges over the medium term, ensure the continued delivery of organisational priorities, as well as increasing financial resilience in 2021/22 and beyond. Aligned with the above retention of an appropriate level of general reserves will be essential to mitigate risk, including future funding uncertainties and will be utilised as a key indicator of sound financial governance.

The gross cost of services during the year was £1.206bn (£1.137bn 2019/20). This includes both General Fund services and the Housing Revenue Account (HRA). After deducting specific grants and income from fees and charges, the net cost of services was £432.5m (£408.5m in 2019/20). The breakdown of net expenditure between the different service areas is shown in the following chart.

Directorate Net Expenditure (£m)



The surplus on the HRA is transferred to reserves for future re-investment in the HRA

Financial performance

Sources of Funding

During 2020/21 the Council continued to pilot 100% business rates retention. Pilot authorities retain 100% of the growth in locally raised business rates. Of this we share 5% with the West of England Combined Authority and 1% with Avon Fire Authority. In return the Council forgoes Revenue Support Grant (RSG) and several other funding streams. Each pilot authority's tariffs and top-ups calculated by central government are adjusted to ensure the change is cost neutral and that no individual pilot authority loses out because of these changes.

The Council collects £134.7m of business rates of which £117.0m (net of reliefs) is retained in year by the Council. This is also net of the tariff of £84.6m which the Council returns to central government and £xxm transferred to the Avon Fire Authority and the West of England Combined Authority.

The Council also collects £266.4m of Council Tax (on behalf of Avon and Somerset Police and Crime Commissioner, Avon Fire Authority, and itself), of which £226.1m is retained in year by the Council.

During the year the Council received £512.6m of Government grant income which was used to fund revenue expenditure. This is an increase of £91m from 2019/20. This increase predominantly relates to Covid-19 grant income. Of these grants £89.4m were specifically related to business rates reliefs offered during Covid.

The Council generates £908m of fees, charges and grants used to deliver services and keep council tax down.

Reserves

Useable reserves have increased overall by £153m. This is largely because of Covid related funding received in 2020/21 but required for use in 2021/22. £83m of this is grant for the business rates relief for retail hospitality and leisure which will be directly required to offset losses in the collection fund carried forward into 2021/22. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2020/21 are charged to the General Fund in future years. Further Covid funding of £26m, received in 2020/21 has also been carried forward to manage the pandemic over the medium term and meet future commitments.

Other significant contributions to reserves during 2020/21 include

- Housing Revenue Account (HRA), additional contribution of £19m largely from increased rental income, reduced capital financing requirement, and reduced response and planned maintenance due to lockdown.
- Climate change reserve of £4m.
- Goram Homes investment of £4m.
- Increase to the General Fund reserve of £18m.

Financial performance

Dedicated Schools Grant

At the end of 2020/21 the deficit on the Dedicated Schools Grant (DSG) adjustment account has increased to over £10m, this includes the additional cost of the impact of COVID-19 on budgets. Whilst there are some small variations in each of the blocks, the deficit is mainly as the result of overspends in the High Needs Block with the key driver attributed to Top-ups in Mainstream schools, Special schools, Other Local Authorities, Alternative Learning Provision, and Pupil Referral Units. An increase of 324 pupils (12.9% increase) attracting top-up payments at the end of March 2021 when compared to the same period last year, which accounts for £7.44m of this overspend.

The key priority for the Education Service remains addressing the significant weaknesses identified in the 2019 SEND (special educational needs and disabilities) inspection. The delivery of key milestones particularly in relation to statutory plans, including Educational Health and Care (EHC) Plans, has created significant pressures in the SEND and High Needs Block of the Dedicated Schools Grant, within a relatively short period of time. There is a risk that the deficit will continue to rise as more children and young people are newly assessed as in need support in 2021/22.

This is a national issue and we will continue to press for the SEND review to move forward to address the funding gaps in this area which are experienced across the country. In addition to making representation to government departments the Council's actions include:

- Transforming the High Needs service through the Education Transformation Programme via stakeholder engagement and public consultation
- Transfers of funding from different blocks or funds to support the High Needs budget (within limits set out by Education and Skills Funding Agency (ESFA), and only where appropriate and agreed by Schools Forum).

Council's with an overall deficit on their DSG account at the end of a financial year must be able to present a plan to the DfE for managing their future DSG spend. The Plan is intended to help local authorities to develop evidence-based and strategic plans covering the provision available for children and young people with special educational needs and disabilities. The ESFA have designed a template with a focus on High Needs, to help local authorities manage their DSG and Bristol is using the template.

The first do nothing baseline iteration of the DSG Management Plan for Bristol, has been produced and further work is underway to account for any planned interventions which will have a mitigating impact, while delivering much needed improvements in the system. It is unlikely that the combined impact of planned interventions and improvements will address the deficit in full and, set against the current trajectory of demand and increasing costs, the position remains challenging.

The ESFA recognise that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some Local authorities.

Schools Reserves – Individual Schools Balances at the end of March 2021, overall school's revenue balances have decreased by £2.217m from £8.028m to £5.813m. Conversely, because of the pandemic capital balances have increased by £0.395m to £3.597m.

Financial performance

Capital Investment

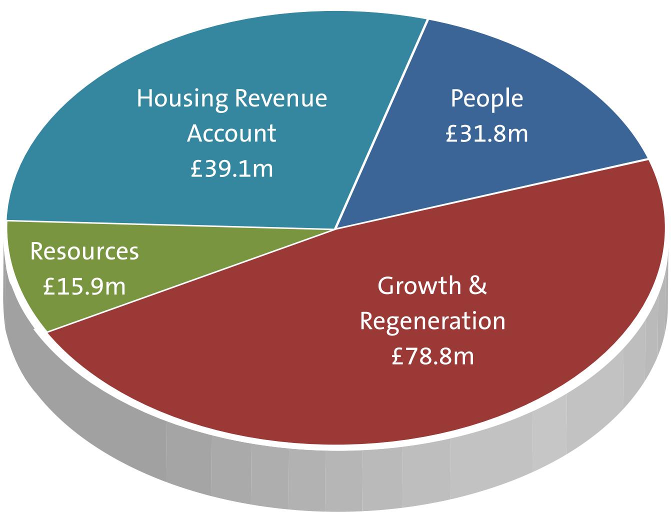
Capital expenditure forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspiration to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our on-going financial stability. Overall, the Capital Programme for 2020/21 was originally set at £295.1m. Capital spending (including revenue expenditure allowed to be funded by capital) during the year totalled £165.6m. An analysis of capital investment by directorate and sources of capital funding are shown in the charts below. The Capital Programme was financed from a combination of borrowing (£31.5m) and from grants, contributions, and reserves (£134.1m).

The major areas of investment have included:

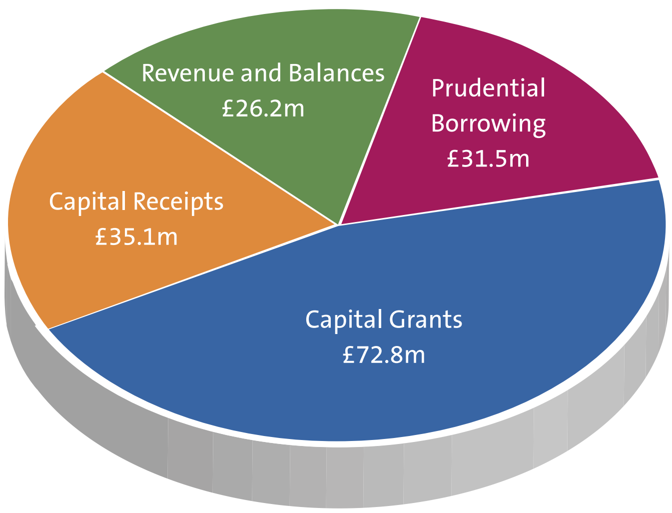
- £39.1m invested in the Council's housing stock (of which £17m was on new build developments).
- £27.5m invested in school buildings to provide additional pupil capacity to meet increased demand, the main spend incurred on Trinity Academy, KnowleDGE 6th form, Kingsweston and Perry Court Academy.
- £23.5m invested in transport schemes including Streetspace improvements, Electric charge points, Flood defences, Carpark buildings, Traffic infrastructure and maintenance.
- £20.1m invested in a significant refurbishment programme of the Bristol music venue, Bristol Beacon.
- £14.3m invested in ICT development improvements and equipment as part of the transformational programme and city-wide digital network upgrades.
- £13.9m invested in housing enabling work to accelerate the affordable provision including Airport Road development, Hengrove, Lockleaze and Southmead regeneration programmes.
- £3.7m invested in a significant programme to improve flood defences and ecological infrastructure in the Avonmouth and Severnside enterprise area, working in partnership with South Gloucestershire Council and the Environment Agency.
- £3.6m invested in housing adaptations and assistance programme.

The Council holds £3.386bn of fixed assets, comprising £2.795bn of operational assets for delivering services, £207m of Heritage Assets for cultural benefit and £384m of non-operational assets.

Capital Investment



Capital Financing



Financial performance

Service Investments

The Council has investments in subsidiary companies and other service investments. These investments are primarily for outcomes and benefits for delivered rather than for yield. During the year the Council proceeded with disposal of its one of these companies; Bristol Energy and that process is still in progress. The accounts reflect the residual liabilities the Council has in winding up that company. The investment in Bristol Energy is fully impaired.

Other cash investments as at the end of the financial year include loans to Bristol Waste Company and Goram Homes as well as investment in City Funds, Bristol Credit Union, and Avon Community Bank.

Housing Revenue Account (HRA)

The HRA Income and Expenditure Statement sets out the financial position for the year, before taking account of the statutory adjustments required to be made to the accounts. The Statement of Movement on the HRA Balance reflects these statutory adjustments and shows how the financial performance for the year has impacted on HRA reserves.

- The HRA Income and Expenditure Statement shows a net surplus for the year of £10.9m
- The Council manages 26,767 homes
- The Council collected £113.8m in dwelling rent in 2020/21 (£110m in 2019/20)
- The Council spent £39m in 2020/21 (£49.2m in 2019/20) on new builds and improvements to existing housing stock.

Treasury Management

The 2020–2025 Treasury Strategy identified a medium-term net borrowing requirement of £215m to support the existing and future Capital Programme. The Council's strategy is to defer borrowing while it has significant levels of treasury cash balances available for investment (£207m at March 2021). Deferring borrowing will reduce the "net" revenue interest cost of the Authority as well as reducing the Councils exposure to counter party risk for its investments. The Council recognises that utilising investments in lieu of borrowing has a finite duration and that future borrowing will be required to support capital expenditure.

Net debt (borrowing less investment) was £227m at the end of the year. The average level of treasury funds available for investment purposes during the year was £194m. The return for the period was 0.30% compared to the recognised benchmark of 0.07% (7-day London Inter Bank Bid (Libid) average for period).

The Council is responsible for managing cashflows with an annual churn exceeding £1.5bn.

The Council has complied with all treasury management legislative and regulatory requirements during the period and all transactions were in accordance with the approved Treasury Management Strategy.

Financial performance

Pensions

Many pension schemes will be facing significant challenges considering the COVID-19 pandemic and will have seen a worsening of the funding position because of the market instability and valuations taking place in 2020. This has presented a significant funding challenge in terms of the long-term objective to lower costs and reduce the pay back of deficits.

The City Council is a member of the Avon Pension Fund. The pension liability as at 31 March 2021 is £1.128bn. This represents the value of what the Council owes across future years offset by the value of assets invested in the pension fund. The deficit on the Pension Fund has increased by £134m over the last year, this was mainly due to a significant drop in yields from corporate bonds due to a combination of lower interest rates and concerns around financial risk during the pandemic. These Markets are continuing to improve but remain lower than at the end of 2019/20.

The current funding level is an estimated 97%. Employers are paying additional contributions over a period of 14 years to meet the shortfall. The pension fund is revalued every three years. The most recent valuation, effective 1 April 2020, set contribution rates for three years, with the next valuation due in 2022, any impact of the value of the deficit and changes in deficit repayment level or duration will be reflected from 1 April 2023. An interim valuation is being undertaken to give a better understanding of the risks of the deficit to help manage over the medium term.

Contingencies

The Council has set aside a provision of £25.5m within the collection fund for any business rates appeals against rateable values in future years. The magnitude of the provision reflects the on-going fact that the Council, as a business rates retention pilot, has a significantly greater exposure to the risk of business rates appeals. The reduction of £2m since 2019/20, recognises that the number of outstanding appeals against the 2010 list is falling. The annual contribution is in line with government recommendations. There were approximately 194 appeals outstanding as at 31 March 2021.

Budget for 2021/22 and Medium Term Financial Plan (MTFP)

The Council is required to set an annual balanced budget which presents how its financial resources, or 'revenue', are to be allocated and used. The Council's revenue spending plans explains what we intend to spend on statutory services, as well as local key priorities and objectives. The budget sets out the financial challenges Bristol City Council faces following the coronavirus pandemic and focusses on recovery, and how our communities will recover from the pandemic. In February 2021 the Council agreed a balanced budget for 2021/22. This included a net revenue budget for 2021/22 of £424.1 m but also a five-year capital programme totalling £890.1m for both General fund and Housing Revenue Account (HRA).

The uncertainty regarding future funding for local authorities means a robust and evidenced assessment of financial governance and future resilience is critical and in the consideration of the robustness of any estimates.

When this is combined with current unprecedented economic and financial uncertainty there will undoubtedly be risks inherent in the budget process and it is important that these are identified, mitigated and managed effectively. These are outlined in depth in the

MTFP but some of the key financial planning risks that may affect the projections over the medium term and delivery of a balanced budget include uncertainty in relation to the prolonged pandemic, its severity and the impact on economic recovery, ongoing demand and cost of social care for both Adults and Children, the achievement of the Council's current and future year's budget savings in both their timing and income target and the potential risk of overspends on major capital projects.

Where significant budget risks have been identified, suitable proposals are being put in place to mitigate against these risks where possible. The Council also holds contingencies and General unallocated reserves. The fact that the Council holds other reserves earmarked for alternative purposes that could be called on if necessary, means the overall the budget position of the Council can be sustained within the overall level of resources available.

Financial Health Indicators

It is essential to ensure the Council manages its financial resilience to meet unforeseen demands on services. Below is a selection of key financial resilience indicators as determined by CIPFA. The highest area of risk to the financial resilience of the Council compared to other similar authorities is the proportion of budget spent on social care services as this is seen as a very inflexible cost which is difficult to reduce over short term and impacts on the Council's ability to respond with agility to changing demands. Close monitoring is required of the Adult Social Care transformation programme to ensure the mitigations and / or planned efficiencies are being realised. The Council will be required to take into account its resilience when making budget, borrowing and taxation decisions.

Indicators of Financial Stress - Results Breakdown

Financial performance

The Statement of Accounts

The Statement of Accounts is set out in the accompanying document; they consist of the following statements that are required to be prepared under the Code of Practice.

The Core Statements are:

The Comprehensive Income and Expenditure Statement – this records all the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Service and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and
- Discretionary expenditure focussed on local priorities and needs

The Movement in Reserves Statement is a summary of the changes to our reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes. We continually review the money we have in reserves for specific purposes to make sure they are at the right levels, and that our reserves continue to meet our needs.

The Balance Sheet is a 'snap shot' of the council's assets, liabilities, cash balances and reserves at the year-end date.

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

Group Accounts - the Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The Group Accounts included as part of the Statement of Accounts fully incorporate the results of Bristol Holding Limited, Bristol Waste Company Limited, Bristol Energy Limited and Goram Homes Limited. Full details of the relationship can be found in the Group Accounts section of the Statement.

Other entities which fall within the group boundary, but which are not consolidated into the Group Accounts as they are not considered to be material, are detailed within the Related Parties note within the Statement of Accounts.

The Supplementary Financial Statements are:

The Housing Revenue Account – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

The Collection Fund summarises the collection of Council tax and business rates, and the redistribution of some of that money to Avon Fire Authority, the Avon and Somerset Police and Crime Commissioner and central government.

The Notes to these financial statements provide more detail about the Council's accounting policies and individual transactions. Our Annual Governance Statement sets out the governance structure of the Council. It summarises the outcome of our review of the Governance Framework that has been in place during 2020/21 and our system of internal control, which is a critical component of our overall governance arrangements.

Denise Murray

Director of Finance
(Section 151 Officer)

Statement of Responsibilities

The Authority's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Director of Finance;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- Approve the Statement of Accounts.

The Director of Finance Responsibilities

The Director of Finance 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 Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance and cash flows of Bristol City Council for the period ending 31 March 2021.

Denise Murray

Denise Murray
Director of Finance (Section 151 Officer)
30 July 2021

Independent Auditor's Report (To Follow)

ANNUAL GOVERNANCE STATEMENT 2020/21

Demonstrating the importance of effective governance in local service delivery and public accountability.

1. Introduction

1.1 Like all local authorities, Bristol City Council is responsible for ensuring that:

- business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently, effectively and equitably to deliver agreed priorities and benefit local people.

1.2 The Chartered Institute of Public Finance and Accountancy /Society of Local Authority Chief Executives (CIPFA/SOLACE) Delivering Good Governance in Local Government Framework (2016) also expects local authorities to put in place proper governance arrangements to ensure that these responsibilities are being met.

1.3 Bristol City Council has approved and adopted a Code of Corporate Governance (Code) which is reviewed periodically. The Code was updated and approved by the Audit Committee in March 2021 and is consistent with the principles of the CIPFA/SOLACE Framework. The Code sets out the framework for ensuring each of the core principles of good governance is met by the Council.

1.4 This Annual Governance Statement (AGS) explains how well the Council has complied with the Code and provides an overview of how the Council's governance arrangements have operated during 2020/21 and up to the date it is signed. It also meets the requirements of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS in accordance with proper practice in relation to internal control.

1.5 We also have a duty to continually review and improve the way we work. In demonstrating compliance with the Code, we have also reflected on the governance improvements we have made during the year.

2. Conclusions and Statement of Commitment

2.1 Good governance is about ensuring that an organisation is effectively and properly run. It is the means by which the Council shows it is taking decisions for the good of the people of Bristol, in an inclusive and open way. It requires standards of behaviour that support good decision making, collective responsibility, individual integrity, openness, and honesty. It is fundamental to showing that public money is well spent, as without good governance the Council will struggle to improve services and deliver its objectives. The Council's Code details the measures in place to ensure effective governance across the Council.

2.2 2020/21 has been an exceptional year with unprecedented level of uncertainties attributed to the coronavirus pandemic and these have led to substantial impacts for the City and the Council. These have included implications for provision of services, our workforce, and our financial position. Effective leadership and governance of the response and recovery have been critical. Plans are being delivered which now focus on the city's longer-term recovery, including its economy, residents, and communities. The pandemic will have profound structural effects on the economy and labour market as the crisis continues to speed up existing trends such as the move to more online activity, whilst seeing growth in newer trends such as more people working from home

2.3 In addition, the UK withdrawal from the European Union has and will continue to affect most of those sectors / services that rely on cross-border trade or resources. Dealing with either of these shocks in isolation would be difficult for many organisations and dealing with both simultaneously has been extremely challenging. UK regulatory guidance was revised at pace and as such the evolving situation posed some practical challenges in terms of governance, transaction execution, statutory compliance, and heightened risk of fraud. Several responses, recovery and renewal strategies and policies where implemented in 2020/21 such as business support policies, the Local Outbreak Management Plan, the updated Bristol City Council Business Plan 2020/21 and the One City: Economic Recovery and Renewal Strategy.

2.4 Arrangements were put in place to effectively engage with businesses and communities in managing and disbursing discretionary coronavirus support schemes earmarked for those businesses and individuals affected by the shock. The Council's Internal Audit service has worked with the Council to ensure that awareness of fraud risk and appropriate systems of governance and internal controls have been maintained despite the changes in processes necessary to provide local people and businesses with rapid and effective support. In addition, there was regular engagement with government departments such as Ministry of Housing, Communities and Local Government (MHCLG) and Treasury as well as frequent reporting to grant awarding bodies and elected members. Consequently, some of the Council's governance arrangements were changed to enable an effective response and these are detailed in this statement.

2.5 The Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. From the review, self-assessments, work undertaken, and on-going monitoring supported by the work of Internal Audit, to the best of our knowledge, the governance arrangements are generally working as expected. The Chief Internal Auditor has provided reasonable assurance that in 2020/21 the Council's systems of internal control, governance and risk management were adequate and operating effectively albeit with improvement needed in certain areas. In acknowledging this positive trajectory, we recognise the challenges in sustaining the improvements made and ensuring that the focus remains on making sure our arrangements remain fit for purpose and resilient moving forward.

2.6 The significant governance issues identified as part of this review and the actions being taken to address them are detailed in section 7.

Signed: **Marvin Rees - Elected Mayor of Bristol**	**Signed:** **Mike Jackson – Head of Paid Service**
Signed: **Denise Murray – Chief Finance Officer (s151 Officer)**	**Signed:** **Tim O'Gara – Monitoring Officer**

3. Governance Framework

3.1 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community.

3.2 The approach to governance takes account of the environment in which the Council now operates; its aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.3 The Council's constitution is updated periodically and sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees, and community councils. Decision-making powers not reserved for the Mayor and / or councillors are delegated to chief officers and heads of service. The Monitoring Officer ensures that all decisions made are legal and supports the audit and value and ethics committees in promoting high standards of conduct amongst members.

3.4 All Members have an important role to play in representing their constituents, as well as acting together as the Council. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member. Members and Officers should work in an atmosphere of mutual trust and respect. Members determine the Council's policies and Officers are responsible for implementing decisions taken by the Council, Mayor, Cabinet and/or the appropriate committee as well as taking decisions delegated to them under the Scheme of Delegation. Committees review and scrutinise decisions. They cannot start or stop executive action but can challenge reasonably, holding Members and officers to account. In discharging these duties all parties should act in an open, honest and transparent manner. The Council must seek to ensure that the highest standards are met and that governance arrangements are not only sound but are seen to be sound.

Committees and Boards:

Scrutiny Commissions	Regulatory Committees:	Other Committees:	Partnership Boards:
• Overview and Scrutiny Management Board • Communities • Resources • People) • Growth & Regeneration	• Development Control • Licensing • Public Rights of Way and Green Space • Public Safety & Protection	• Audit (including a Values and Ethics sub committee) • HR Committee	• One City • Bristol Homes • Health & Wellbeing • Learning City • Children's and Adult's Safeguarding

3.5 Legislation requires that certain functions be exercised by a 'proper officer'. The functions of the **Mayor, Executive, Head of Paid Service, Chief Financial Officer (s151 Officer), Monitoring Officer and the Statutory Scrutiny officer** are outlined in the Council's constitution.

3.6 The **Overview and Scrutiny Management Board and its scrutiny commissions** scrutinise decisions made by the Cabinet, and those delegated to officers, and review services provided by the Council and its partners. The scrutiny officer promotes and supports the Council's scrutiny functions.

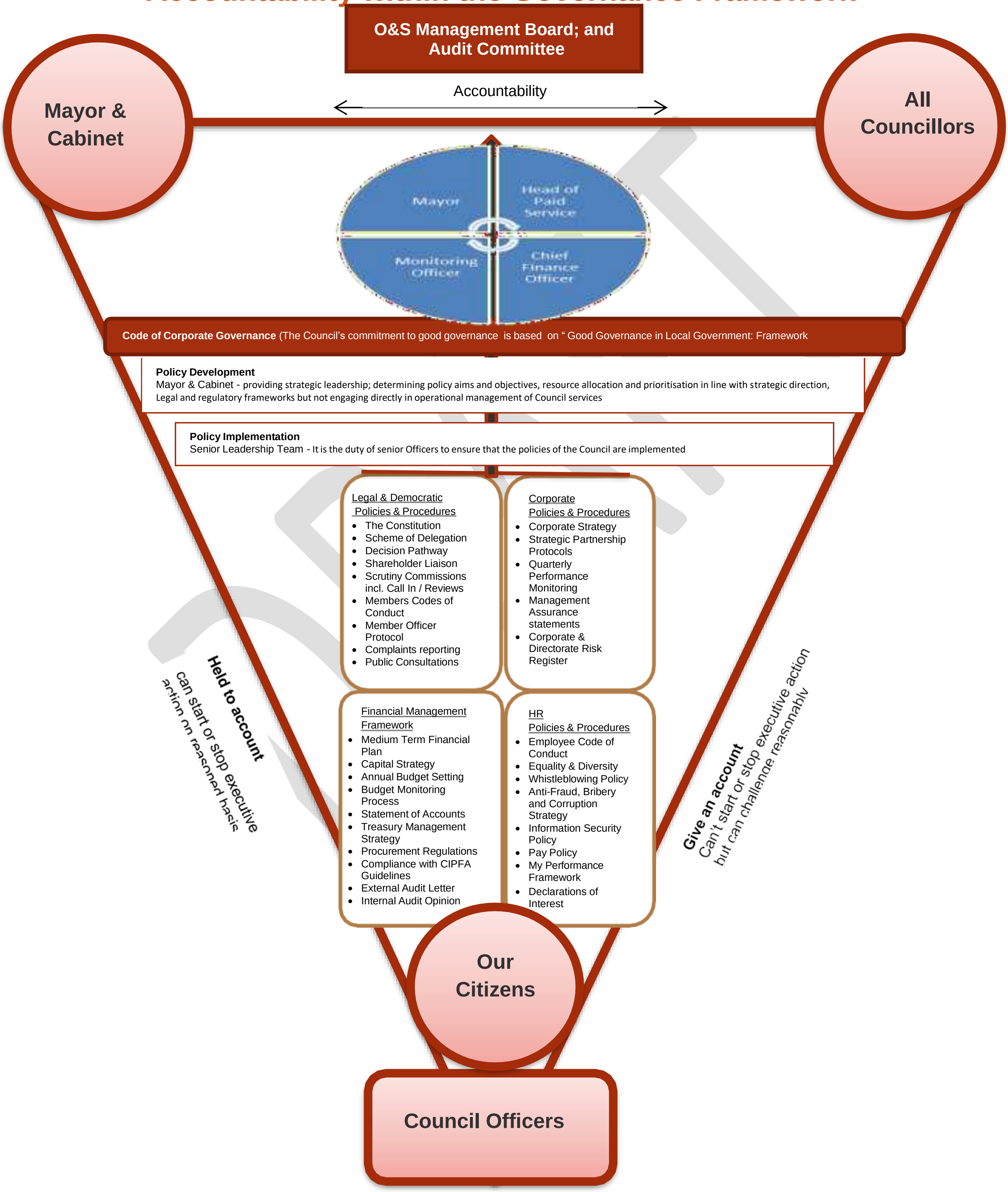
3.7 The Council has established the **One City Structure**. The purpose of this is to support delivery of the **One City Plan** and enable cross sector engagement with a wide range of city partners.

3.8 The **West of England Combined Authority (WECA)** is a separate legal entity, made up of three local authorities and West of England elected Mayor, working in partnership to deliver the region's transport, housing, adult education and skills and wider economic growth. Scrutiny and Audit Committees have been established to scrutinise and hold to account the Combined Authority and West of England Mayor. Decision making timetables between WECA/Joint Committee and the Council have been aligned with the Council's own decision pathway.

3.9 **Council Owned Companies**: The Council wholly owns Bristol Holding Limited which is the parent company of Bristol Waste Company, BE 2020 Ltd (formerly Bristol Energy Ltd), Goram Homes and

Bristol Heat Networks. Part of the group's governance arrangement includes a shareholder advisory group that maintains oversight of performance of the companies and external and internal audit assurance arrangements. Council has representation on company boards and an active Group Audit and Risk Committee is in place that oversees governance, risk management and internal control across the companies.

Accountability within the Governance Framework



4. Principles of Governance – Assuring Compliance

4.1 The Council's governance arrangements are based on compliance with seven core principles. Details of arrangements in place to ensure compliance are provided in the Council's Code of Corporate Governance. However, the following paragraphs, set out some key aspects of how the Council has complied with the seven principles set out in the Code. It is not intended to be exhaustive but is provided to demonstrate compliance with the core principles of good governance during 2020/21:

Core Principle	Governance in Action (2020/21)
A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	• The Council's constitution sets out how the Council operates, how decisions are made and the policies and procedures in place which provide a robust framework for decision making. The Constitution is reviewed periodically with Audit Committee approval of proposed updates in March 2021. • The Monitoring Officer has oversight of decisions through the Decision Pathway and the legal service is consulted on the legal implications of all reports to ensure compliance with all relevant laws and regulations. • The Council's Corporate Strategy sets out the values and behaviours it expects from its employees. Managers are required to review performance against the values and behaviours as part of the individual performance management framework. • During 20/21 the Council updated its Equality and Inclusion Policy and Strategy with unanimous Full Council approval, establishing new targets and measures related to equality, diversity and inclusion practice. This is supported by an Advancing Equality and Inclusion Action Plan agreed by Cabinet, with progress monitored as part of a new internal governance structure for equalities, led by a Strategic Group chaired by the Chief Executive. A significant number of employees and managers have completed core equality and inclusion learning programmes and a dedicated equality and inclusion section is included in the corporate induction. Hiring managers have had refresher recruitment and selection training, with a focus on unconscious bias and trained diverse recruiters are now in place. • Codes of conduct are in place for staff and Council Members which set out the standards of conduct expected and require declarations of interests, gifts and hospitality to be made. Minutes of meetings record declarations of interests by Councillors. An overview of complaints received about Members conduct, and action taken to resolve them, was provided to the Value and Ethics Sub-committee in March 2021. • Whistle-blowing arrangements were revised from April 2020 following previous concerns that staff did not have confidence in them. New arrangements have developed and successfully embedded throughout the year as confirmed by an independent review of these arrangements which was reported to Audit Committee in March 2021.
B. Ensuring openness and comprehensive stakeholder engagement	• Our Communications Strategy 2019/2023 sets out our ambitions to enable strong communications within the council and form better relationships outside of the Council with our partners and the communities we serve. • Participative democracy was successfully trialled by way of Citizen's Assembly, seeking public views on key strategic issues arising from COVID-19-19 and recovering from the pandemic. • An updated Partnerships Policy and Toolkit was completed. Continued internal communication to formally launch and embed these, including a refresh of the Council's register of partnerships is planned for Q1-Q2 21/22. • Western Gateway: A Governance review has taken place, a Partnership Board has been set up along with governance arrangements, and a secretariat

	established. This has enabled the effective operation of the partnership, with assurance provided by the Government's decision to invest a further £800k supporting its development in 2021/22. • The One City Approach and its associated governance framework has included public, minuted meetings of its Thematic Boards, and has enabled frequent informal engagement and alignment of city activity in responding to the pandemic. • A cross-party and multi-agency Local Engagement Board was established to oversee public communications and engagement relating to the Local Outbreak Management Plan for COVID-19. • Whilst not in place for 2020/21, the Council has recognised the benefits of a Consultation and Engagement Strategy which is a priority for development in 2021/22. • Forward plans are published on a monthly basis for Mayoral and Cabinet decisions.
C. Defining outcomes in terms of sustainable economic, social and environmental benefits	• The Corporate Strategy sets out our contribution to the City and sets out the key priorities for 2018 – 2023. Annual Business Plans set out the most important actions we need to take each year to achieve the Corporate Strategy. • During 2020/21 the Council updated its Business Plan in-year to account for COVID-19 response and recovery, with outcomes and milestones tracked through Executive Director Meetings. • New city-wide strategies for tackling the Climate Emergency and Ecological Emergency - co-produced in a One City Approach with partners - were published. • Re-certification of our Environmental Management systems (ISO 14001) was achieved and a carbon disclosure project assessment concluded that our plans to reduce Climate impacts are strategic, holistic ambitious but realistic.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	• Key interventions are determined through the annual Business Planning cycle and its accompanying Performance Framework development, with assurance provided through senior officer and political review and approval of all Service Plans and Director Summaries, plus Corporate Leadership Board approval and Cabinet noting of the final corporate Business Plan. • During 2020/21 work has been undertaken to strengthen the Council's technological foundations for data analytics and insights, enabling more powerful and insightful use of data and evidence to inform decision making and help determine interventions. This is a developing area, with a pilot complete in Children and Families Services and more planned. A Data, Insights and Information strategy is planned for 2021/22. • Issues have been identified through internal review by the Equality and Inclusion team of Equalities Impact Assessments, with a refreshed system and process devised and plans to retrain officers undertaking the assessments. The process has been approved, launched and will now following training of officers need to be more fully embedded within Decision Pathway considerations in 2021/22. • External assurance on Equality and Inclusion interventions and progress was sought by participation in the Local Government Association's Equality Framework for Local Government peer challenge in Q4 2020/21.
E. Developing capacity including the capability of its leadership and the individuals within it	• Work was completed to refresh the Workforce Strategy, and this is now in place for 2021/22. Actions are included in respect of; equality, diversity and inclusion gaps that will be addressed, the future supply of skills and professions mapped against demand, areas where job or service redesign is needed to help us deliver our priorities, the type and level of skills needed for the future, how we attract, retain and develop talent within the organisation.

	• The focus during 2020/21 has been on the response to the COVID-19 pandemic, redirecting our resources and reprioritising our work to ensure we keep our staff and the people of Bristol safe whilst continuing to keep essential day to day services running. • A strategic Client to support the Council's shareholder executive and governance arrangements around the council's companies has been created. • A Strategic Partnering business model has been introduced to support capital programme delivery. • The Council has prepared a comprehensive Member Development Programme in 2020/21 with a range of training and induction programmes for all councillors which is being progressed following the May 2021 elections. • The Leadership Framework has been used to support the recruitment and selection of senior leadership roles, it's also woven into performance review for managers to help them reflect on their management practice.
F. Managing risk and performance through robust internal control and strong public financial management	• An approved Performance Framework is in place, aligned to the approved annual Business Plan (and onward to the Corporate Strategy). This is robustly reported through management meetings including Executive Director Meetings and Corporate Leadership Board, with reporting of key indicators on to Cabinet. Accompanying Scrutiny of divisional level measures takes place via Scrutiny Commissions, and of corporate measures via Overview and Scrutiny Management Board. Accompanying Scrutiny of divisional level measures takes place via Scrutiny Commissions, and of corporate measures via Overview and Scrutiny Management Board. • New procurement rules have been developed and launched in January 2021 with ongoing work to strengthen contract management arrangements. • The financial approach of managing the pandemic is a one-off shock with a medium-term impact and new funding and reserves managed accordingly. Clear financial protocols and procedures were in place to ensure there was consistency, transparency, and accountability in the use of public funds. • All service, directorate and corporate risks are reviewed regularly in line with the risk management policy. A new risk management system (Pentana Risk) has been procured and is being implemented which will improve the monitoring of progress being made in relation to timely delivery of key mitigating actions • The Council has updated relevant data protection policies and procedures and to ensure on-going compliance, recommendations from a range of data protection focussed internal audit work will be taken forward as part of GDPR Phase II project in 2021/22 to enhance compliance with this principle.
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability	• Processes were implemented to transparently account for additional government funding received and emergency support being provided in response to the pandemic. Internal Audit assurance work is underway to confirm the effectiveness of those new processes • Corrective action arising from the Value for Money reports by the External Auditors has been acted upon and appropriate action is being taken to implement recommendations. • Automating management action tracking of agreed actions following internal audit review has enabled high level focus to improve the extent to which improvement actions are implemented. • Root cause analysis of the Chief Internal Auditors previous 'limited assurance' opinions enabled management to recognise the need to prioritise resources towards achieving the Council's highest priorities whilst also ensuring there is capacity to drive the enabling activity that will improve the Councils governance, risk management and internal control arrangement,

	• Accountability for progress in relation to the SEND Written Statement of Action is through reporting to the bi-monthly, multi-agency SEND Improvement Board and via the Council and CCG governance. This board is independently chaired by a member of the Local Government Association and membership includes the Cabinet lead member for Children's Services and the Director, Legal and Democratic Services.

5. Impact of COVID-19 on our Governance Arrangements

5.1 The context of the 2020/21 Annual Governance Statement is unprecedented. During March 2020, the coronavirus pandemic (COVID-19) started to significantly impact the UK and continued throughout the year resulting in the need to deliver services through three national lockdowns and many other restrictions which have significantly impacted the way people live and work.

5.2 A Major Incident was declared and the Council focused on health response to the pandemic, business continuity and crisis management, directors needed to be in a position to make effective and swift decisions and complete transactions in an environment of limited access to original documents and information.

5.3 The Council moved to Gold Command and Control arrangements and streamlined their decision-making processes to respond quickly and effectively to situations as they arose.

5.4 The organisation responded swiftly and altered its governance structure to facilitate an appropriate response and enable frontline services to be maintained by adapting the way they were delivered. Staff were redeployed across the Council to assist with the response. Providing access to rapid testing and vaccinations for key workers has been a key resilience issue for the Council with health and social care workers prioritised over other frontline workers.

5.5 Other examples of changes to the governance arrangements included the following:

- Elections due in May 2020 were postponed in line with government direction. Through the year, planning commenced for COVID-19 compliant elections in May 2021 for Bristol City Council Ward Councillors, the Elected Mayor, the WECA Mayor and the Police and Crime Commissioner.

- Virtual meetings of Cabinet and committees were introduced as soon as possible after the secondary legislation to permit this was approved. Some meetings, for a short period prior to the legislation and technological support, were postponed. In addition, the roll-out of new technological solutions to support remote working during the pandemic was done through a risk-based approach, i.e. What's App, Zoom meetings. These systems are now under review as part of planning for post pandemic working.

- A multi-departmental Communications Cell was established under the Director: Policy, Strategy and Partnerships to join-up all facets of internal, public, stakeholder, governmental and media communication with a clear single-line-of-sight approvals process.

- The Council's constitution and scheme of delegation for finance already provided for the Head of Paid Service or Section 151 Officer in consultation with Mayor or Deputy Mayor for Finance, Governance and Performance to make decisions on amounts up to £2m on matters requiring immediate action or in an emergency. Cabinet approved an extension and expansion of existing emergency decision making powers to enable urgent decisions to be made with retrospective reporting to the Mayor and relevant Executive Member. This included incorporating emergency funding received into the Council's budget.

- A number of our policies and procedures were amended to ensure that communities, business and individuals were supported through the pandemic. Examples include:

  - Extending the Local Crisis Prevention Fund policy
  - Introducing greater flexibility in procurement and contracting protocols
  - Accelerating payment times to support suppliers and providers
  - Relaxation of end stage debt collection measures
  - A Trust and Protect Policy to balance expedience of support payments and the need for prepayment entitlement and fraud checking
  - Relaxing of sickness absence policy trigger points in relation to absence due to COVID-19, support to individuals with care responsibilities, introduction of a casual worker retention scheme
  - Facilitation of homeworking on a significantly larger scale than experienced pre COVID-19.
  - A streamlined approach to equalities impact assessments.

5.6 A COVID-19 specific risk register was maintained to manage risks of operational response delivery. Additionally, the Corporate external / contingency risk BCCC3: COVID-19 reflects the positive action and pace of change the Council has adapted to delivering its services. This risk is being overseen in line with the regular reporting to the Corporate Leadership Board.

5.7 Comprehensive guidance and support on managing workplace risks in all settings regarding COVID-19 was developed by the Corporate Health and Safety team. A Vulnerable Persons Risk Assessment for staff in at risk groups was also developed and regularly refined to support staff as well. Assurance of practice was provided by the HSE who made unannounced visits to many Council sites to inspect compliance with COVID-19 guidance. No improvement notices or prohibition notices were issued.

5.8 The pandemic has had significant and far reaching implications for the Council and the City, and the consequences – both direct and indirect – will continue for many years to come. Working with its partners, the Council continues to address the challenges brought by the pandemic and is responding with innovative solutions, as well as considering the needs of recovery and renewal. As the year progressed, the focus has moved from response to the pandemic to a recovery phase. The pandemic has taught us that services can be delivered effectively in different ways and lessons learned are now informing our strategies moving forward. The recovery will take time and will require a coordinated response to be effective. It will require strong leadership and effective collaboration with partners in the public sector, the health sector, the voluntary sector, the private sector, the academic sector and the community. Given the uncertainty of the pandemic, any recovery arrangements need to be flexible and will be regularly reviewed to ensure recovery enables a continued 'response' for as long as necessary, reflects changes in community need, accounts for emerging government policy and macro-level impacts, such as changes to global economies, that resonate locally.

5.9 The pandemic has had material effects on the Councils' budgets as a result of increases in spending on local services and reductions in income from sales, fees and charges and commercial activities. The crisis will cast a longer shadow (over the medium term) on Councils' finances, reductions in council tax and business rates revenues collected and ongoing business and community grant support.

6. Review of Effectiveness

6.1 The Council's Code of Corporate Governance sets out the arrangements that will support political and officer leadership with developing and maintaining robust governance arrangements across the whole governance system including partnerships, shared services and alternative delivery vehicles. The Code is based on a best practice framework and centres around 7 core principles of good governance.

6.2 The review of effectiveness considers compliance with and effectiveness of the arrangements detailed in the Code. It is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

First Line Assurances - Management Self Assurance is provided:

6.3 **Bristol City Council Management:** An annual management self-assurance statement signed by Executive Directors, Service Directors and Heads of Service was obtained in March 2021 confirming that key elements of the governance framework were in place and operating effectively. This has confirmed good compliance rates in respect of requirements of the Code of Conduct, schemes of delegation and decision-making processes as well as well as understanding of procurement and financial regulations. A comparison with the previous year returns has indicated a positive trajectory with improvement in all areas included in the self-assessment questionnaire. In the main, governance processes have operated as intended across the Council. Whilst the review did not identify any significant governance failings, compliance in a few operational areas was identified as needing improvement:

- **Completion of Mandatory Training -** Managers were not consistently able to provide assurance that mandatory training had been completed, either because training was not completed or because training records were not available to provide that assurance. A new system is currently being implemented to help remedy this.
- **Risk Registers -** Whilst risk registers are generally in place and regularly reviewed for services, some managers reported that the process of managing risks needs to embed before risk management is effective in their areas. Implementation of Pentana Risk Management system should help to improve this.
- **Business Continuity Planning -** Plans are in place for the majority of services but there was recognition that they will need to be reviewed following the pandemic and the changes in the workplace resulting.
- **Demonstrating Value for Money -** Inconsistency in confidence in demonstrating value for money outside procurement processes was reported.

6.4 **Council Companies Assurance:** Assurance statements based on the model used by Council managers have been completed by senior executives from Bristol Waste, Goram Homes, Bristol Heat Networks and Bristol Holding Ltd. Following the decision by Cabinet on 2nd June 2020 to progress the sale, BE 2020 Ltd is no longer an active member of the group of companies. The returns have identified good arrangements in many key areas across the group acknowledging that the arrangements for Bristol Heat Networks are in development as the newest company to the group. A prioritised schedule of all entity and group wide corporate governance policies for completion during the 2021/22 financial year has been identified to strengthen governance across the group including those in relation to data protection and information security. Reviews of financial and procurement regulations across the group are also planned.

6.5 The introduction of revised governance arrangements, improved risk management and control arrangements across the group, have enabled more effective decision-making in matters relating to BE 2020 Ltd. Bristol Holding Ltd is working closely with the Council to ensure that improvement actions required following the Grant Thornton review of the Council's Governance arrangements of its companies, are implemented.

6.6 The Bristol Holding Ltd Audit and Risk Committee oversees the risk management, internal control and governance arrangements across the Group and provides annual assurance to the Council's Audit Committee.

Second Line Assurances – Oversight and Monitoring Functions Assurance

6.7 Assurances are sought from statutory officers and other 'oversight' functions in completing the review.

6.8 The Council's **Monitoring Officer** has legal responsibility to look into matters of potential unlawfulness and has confirmed that there has not been the need to make a report concerning any proposal, decision or omission, that would give rise to unlawfulness or maladministration during the year. Decisions have been made in accordance with the relevant policy framework.

6.9 Members are trained in the standards of conduct expected from them and arrangements are in place should investigations into members conduct be required. The Monitoring Officer has advised that that there have been no formal reports/investigations in 2020/21.

6.10 The Council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made in their role as Section 151 Officer. A review against CIPFA's Statement on the Role of the CFO in Local Government (the Statement) concluded that the CFO met the responsibilities of the Senior Finance Officer in full during 2020/21. The CFO was ideally placed to develop and implement strategic objectives within the Council, given the role of the Council's s.151 Officer is combined within the Director of the Finance division, reports directly to the Chief Executive and is a member of the Council's Corporate Leadership Board. The CFO influences all material business decisions and oversees corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes.

6.11 CIPFA, the Chartered Institute of Public Finance and Accountancy, has launched its Financial Management (FM) Code, to drive improvement in financial management for all local authorities throughout the full financial cycle of financial planning, budget setting, in-year monitoring and reporting and statutory reporting. The FM Code is based on a set of standards and principles, including organisational leadership, transparency, assurance, and sustainability. Its aim is to place financial management and long-term sustainability at the heart of policy and decision making in local government. Complying with the standards will be the collective responsibility of elected members, the CFO, and the Senior Leadership Team. The code is effective from 2020/21 however, in recognition of the pressures facing local authorities, 2021/22 will be the first full compliance year for the Code. This allows authorities a shadow year to work towards full implementation.

6.12 It is the CFO's view that, from the 17 standards in the framework, elements of the following three standards need to be further embedded in the Council's processes:

- The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members. (Standard G)

- The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions. (Standard M)

- The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability. (Standard O)

6.13 The Council will continue to assess its compliance with the new FM Code at each stage in the 2021/22 financial cycle and take the necessary steps to demonstrate sustainability and resilience to future shocks.

6.14 The demand for special educational needs and disabilities (SEND) statements, Education Health and Care Plans has soared by 480% in the past five years, from 74,209 in 2016 to 430,697 in 2021 (source Local Government Association). This is resulting in significant Council deficits nationally in relation to unfunded need within the ring-fenced Dedicated Schools Grant (DSG). For Bristol it is forecasted that the total deficit to carry forward at the end of the 2021/22 financial year will be circa. £20.5m. The outcome of the SEND review setting out the government's proposal to address this national issue is awaited.

6.15 There are significant improvement programmes in progress within the Council to strengthen and redesign how services and projects are delivered more effectively. The progress relating to delivery of the improvements in these areas will be monitored through regular updates to Corporate Leadership Board and assurance from Internal Audit. These include the following:

- Procurement and contract Management
- Risk Management
- Capital Project delivery
- Education Transformation - Including High Needs (SEND and Deficit)
- Response to Ombudsman Complain

6.16 The **Senior Information Risk Owner (SIRO)** in consultation with the **Statutory Data Protection Officer** oversees information and information security risk management arrangements to ensure information assets held by the council are properly secured and used in line with legislation. The Council has achieved PSN, Health and CoCo compliance/certification and is carrying out work to implement an ISO27001 compliance framework and Cyber Essentials. Areas for improvement are being overseen by the Information Governance Board and include the need to roll-out of a suite of documents that comprise the Information Security Policy, enhance understanding of the role the information asset owners must play in securing and managing data and systems, and implementing Internal Audit recommendations in relation to enhancing Cyber security. An information classification scheme is being trialled to ensure appropriate security is applied to different levels of data.

6.17 The **Director of Workforce and Change** confirms that a senior leadership structure is in place. A review is planned for 2021 looking at the organisation's future priorities and approach. A Workforce Strategy, aligned to the Corporate Strategy, is in place and progress is routinely reviewed by **HR Committee.** A programme of leadership development is also in place. This year has also seen a greater focus on advancing our equality and inclusion practice, and tackling institutional racism, with the publication of a series of new actions, interventions and changes that cover several themes. Completion of actions is regularly monitored. An Internal Audit review has reported that key actions are being satisfactorily progressed.

6.18 A **Corporate Performance Framework** is in place to monitor achievement of SMART targets set by the Council against its Corporate Objectives. Quarter 4 reports for 2020/21 highlight that 53% of key business plan performance measures have been met or exceeded target at the end of the year. This is set within the context of the pandemic and the presence of many city-wide outcome measures that are not within the Council's direct control. Full outturn details and explanations of performance are provided to Corporate Leadership Board, Scrutiny and Cabinet.

6.19 Confirmation of assurance from a number of other oversight function managers has indicated that arrangements were generally working well with no significant governance issues identified in the following areas:

- Corporate Risk Reporting including COVID-19 Risks
- Compliance with Programme and Project Management Practices
- Complaints management

6.20 The **Council's Audit Committee** holds responsibility for oversight of the Council's governance arrangements and reports annually to Full Council on the results of their work. Matters highlighted by them during the year include the positive way the Council responded to the COVID-19 pandemic putting reasonable governance arrangements in place to enable an effective and managed response. The Committee received regular reports from both external and internal audit ensuring that appropriate actions were taken to address significant issues relating to the effectiveness of the Council's governance, risk management and internal control.

Third Line 'Independent' Assurance, External Inspection and Review Functions

6.21 The Council's **External Auditors** independently audit the Council to provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and provide a value for money judgement. Their audit of 2019/20 accounts concluded an unqualified opinion on the accounts. Their value for money conclusion was that the Council had proper arrangements for securing economy, efficiency, and effectiveness in its use of resources but was qualified with 'except for' matters raised in respect of governance arrangements in relation to BE 2020 Ltd.

6.22 A separate report was produced by the External Auditors in relation to the Council's Governance Arrangements for its subsidiary companies containing 12 recommendations with agreed actions. Full details of the review and findings can be seen in their report which was considered by Audit Committee at their January 2021 meeting. The Council has put in place arrangements that ensure that the issues identified by the External Auditor are addressed. A report in May 2021 by the Working Group established by Ful Council to oversee agreed management actions concluded that appropriate action is being taken to implement the management actions in response to the recommendations in the External Auditors report. The scope of the External Auditor review was expanded to assess the governance considerations in both the establishment of BE 2020 Ltd and the subsequent decisions following the key decision by Cabinet in June 2020 to progress the accelerated sale of the Council's interests in BE 2020 Ltd. The review is nearing completion and the findings are due to be reported in 2021/22.

6.23 Consistent with the Public Sector Internal Audit Standards, the **Chief Internal Auditor** has provided an annual opinion. The Chief Internal Auditor's opinion in relation to 2020/21 was that reasonable assurance can be provided, that governance, risk management and internal control arrangements were in place and operating effectively throughout the year. This improved opinion reflects the progress made by the Council in addressing some of the long outstanding audit issues that had remained unresolved for a few years but also acknowledged that there are some areas that still require improvement. The opinion is part of the Chief Internal Auditor's annual report for 2020/21 which was presented to the Audit Committee in June 2021. The Corporate Leadership Board are working on prioritising and sufficiently resourcing those operational areas identified as requiring improvement. The progress will be monitored regularly by Corporate Leadership Board and Audit Committee through quarterly Internal Audit assurance reporting.

6.24 **Local Area Joint Inspection of Special Educational Needs and Disabilities (SEND)**. Following the Ofsted and the Care Quality Commission (CQC) Local Area SEND inspection in autumn 2019, the council and Bristol North Somerset and South Gloucester CCG (BNSSG CCG) were required to produce a 'Written Statement of Action' (WSoA) setting out how the areas of identified weakness would be tackled. This action plan was approved by Ofsted in March 2020 and had an 18 month timeframe to July 2021. Advisors from the Department for Education (DfE) and NHS England (NHSE) meet with leaders from the council and CCG every four months, to review progress made against the planned achievement milestones in the WsoA. During 2020/21 three of these monitoring meetings took place virtually in July, November, and March. At each meeting, it was concluded that progress had been good despite the challenges brought by COVID-19 and the advisors were satisfied with progress. The final monitoring meeting takes place on the 19th July. Good progress has been made against almost all the milestones. The four milestones remaining overdue in July are all underway with revised timelines agreed by the SEND Improvement Board. The SEND Partnership Group will co-produce the next iteration of the SEND action plan, which will continue to be monitored by the bi-monthly SEND Improvement Board. The window for re-inspection is likely to be October 2021 to March 2022.

6.25 **Inspections of children's social care services, including council-owned children homes.** Ofsted visits (either monitoring or assurance visits) took place across six Bristol Children's homes during the year. In three cases, no serious concerns were identified but some service improvement requirements noted. In three cases compliance notices were issued.

6.26 An **Ofsted short inspection of Bristol City Council - further education and skills**. Bristol City Council is the lead partner and contract holder in a consortium which is also known as Community Learning West. The consortium was established in 2011 and provides adult education and apprenticeships in over 150 venues or locations. The outcome of the inspection was that Bristol City Council (BCC) continues to be a good provider. Some recommendations for continual improvement were made.

6.27 A **Regulation of Investigatory Powers Act (RIPA)**. RIPA regulates the Council's use of covert surveillance to prevent and detect criminal activity. As such, the Council is subject to regular inspection by the Investigatory Powers Commissioner's Office (IPCO) to ensure that its policies and procedures are operated in a lawful manner. The inspection in June 2020 reported that the Council demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection. Several actions were recommended that have now been implemented.

6.28 A **Local Government Association's Equality Framework for Local Government peer review** sought independent assurance on the Council's progress in this area. The review found much positive practice and progress but also a need to make this more systematic and consistent across the Council's business. The full report was considered by Full Council in July 2021.

7. Significant Governance Issues 2020/21

7.1 In concluding the review of effectiveness, four significant issues have been identified that require focussed attention going forward. In determining the significant governance issues, the following factors have been considered on whether the issues had:

- seriously prejudiced or prevented achievement of a principal objective;
- resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business;
- a material impact on the accounts;
- been considered as significant for this purpose by the audit committee or equivalent;
- attracted significant public interest or had seriously damaged the reputation of the Council;
- resulted in formal action being taken by the Section 151 Officer/Monitoring Officer;
- received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.

7.2 The actions being taken to effectively manage these issues are detailed in the table below:

Item	Issue	Key Actions
1	**COVID-19** The global outbreak of the COVID-19 virus had a material impact on the City and the Council's services and its finances during 2020/21. The impact and response were complex as some services operated remotely, others were closed and new responsibilities such as testing were introduced as a response to community needs. The impact of the pandemic will be felt for many years and the recovery period will be elongated. The longevity and uncertainty of the pandemic will require flexible recovery approaches and medium to long term resilience in the Council's finances.	Continue to implement Local Outbreak Management Plan and associated governance structures, plus communication and engagement, including about vaccination. Action planning and tracking / assurance work against the Council's share of the One City Economic Recovery and Renewal Strategy, plus ongoing monitoring and assurance of wider system activity via City Office and Council teams such as Economic Development. Revise the Council's Corporate Strategy, Medium Term Financial Plan and Capital Strategy in concert, to ensure resilience and that the impacts and recovery actions are accounted for and part of mainstream 'business as usual' for the Council, including within its annual Business Planning process. Continued operation of city-wide and regional governance structures to ensure coordinated response and recovery, including One City Boards, City Leaders group, Local Resilience Forum Strategic Recovery Group, COVID-19 Health Protection Committee. Maintain the iterative Avon and Somerset recovery Equalities Impact Assessment which was coordinated by Bristol City Council, using this amongst other key data and evidence sources to inform activity. Enact plans to support a safe return of people to a more normal life, including high streets, transport, hospitality settings and the general public realm. As a partner in One City, contribute to the annual revision of the One City Plan 2050 and other city-wide strategies that require a 'recovery' lens.
2	**Governance arrangements for the Council's subsidiaries** The External Auditors issued a qualified 'except for' opinion in their value for money assessment in relation to governance arrangements in respect of BE 2020 Ltd, and the report outlined 12 recommendations for improvement. The actions taken by the Council to address the issues outlined in the report will be assessed by the External Auditors within the 2020/21 Audit. The scope of the review in respect to BE 2020 Ltd was expanded and the findings are due to be reported in 2021/22.	Management actions in response to the value for money report recommendations were agreed and submitted to the Audit Committee in January 2021. The Council is monitoring the implementation of these management actions to ensure that the issues identified by the External Auditor are fully addressed. Review of Governance Arrangements for Bristol City Council's Subsidiaries' was discussed separately at the Extraordinary Full Council public meeting February 2021 and a subsequent report to Full Council public meeting in May 2021 to consider the progress on the implementation of the management actions. The expanded scope of the external audit work on the governance arrangements regarding BE 2020 Ltd has been completed and the Council awaits the outcome of the External Auditors review and the standard

		consideration of whether the application of formal audit powers will be applied.
3	**Dedicated Schools Grant deficit** The Dedicated Schools Grant (DSG) was in deficit of £10.004m at the financial year-ending 2020/21. A range of outcome and process improvements are being delivered in line with the Written Statement of Action however, the financial deficit is forecasted to increase by c. 100% (£10.5m) by the year end 31 March 2022. Should this forecast be realised, this will result in a cumulative forecasted, carry forward deficit of £20.5m at the end of the financial year.	The forecasted deficit in the DSG is predominantly attributed to the significant increase needed for support for children and young people with special educational needs and /or disabilities (SEND), via the High Needs budget. The scale of SEND deficit is a national issue and the SEND review announced in September 2019 with a commitment to boost outcomes and improve value for money, has been subject to repeated delays. Whilst the Council will continue to call for sufficiency of government funding to address the legislatively driven deficits, investment and clarity about future funding, arrangements plans will need to be considered for a sustainable long-term provision that meets the needs of children and young people in Bristol. The Education Transformation Programme is largely focused on the following SEND improvement activities. • financial sustainability via the pursuance of inclusion throughout the sector • projects that will deliver additional capacity for specialist provision • new clear and transparent system for accessing Element 3 Funding; and, • working in partnership with schools, a range of interventions designed to improve the offer and experience for children and young people with SEND. The first iteration of the evolving DSG Deficit Management Plan (DMP) has been published and presented to Schools Forum (June 2021). The completed DMP will be kept up to date, and along with the Education Transformation programme, will be reported periodically to the Schools Forum, People Scrutiny commission and or Cabinet during 2021/22.
4	**Bristol Beacon** During the refurbishment of the Bristol Beacon, as the building was dismantled, contractors identified large numbers of significant and unforeseen structural and heritage issues that created huge complexity and added significant time and costs to the project. Recognising the cultural importance of the building and its contribution to the region's economy, Cabinet agreed a revised capital investment budget of £106.9m, an increase of	The Bristol Beacon has been re baselined in terms of budget and duration. A Project Management Office has been created and a Strategic Partner commissioned to provide key professional support to the project. Project assurance is ongoing in the form of Project Board reporting and management process. The Capital Programme is managed and monitored through the Capital & Investment Board and Delivery Executive provides member oversight. These governance arrangements together with skills and capacity brought by the Capital Strategic Partnering arrangements, continues to strengthen and improve capital monitoring and is providing a focus on setting realistic delivery budgets and profiles, which allow for

£58.1m (119%) on the original approved budget of £48.8m. This represents a significant diversion of Council resources.	sufficient lead times before expenditure is likely to be incurred. The new governance arrangements will need to be embedded and will be subject to continuous review to ensure they are working effectively. The strategic partner is also helping to establish a Capital Portfolio Office which will become an information hub about the Council's capital programmes and projects, and will provide advice and information to senior officers to make strategic decisions. As part of the annual VFM review the External Auditors are required to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and the Council will give appropriate consideration to any findings / agreed recommendations for improvement arising from this review.

7.2 The progress relating to the significant governance issues identified in 2019/20 was presented to the Audit Committee in March 2021 through The Annual Governance Statement 2019/20 - Progress Update Report.

Core Statements

Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

2019/20				2020/21		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
391,416	(166,564)	224,852	People	417,213	(212,528)	204,685
228,165	(160,328)	67,837	Resources	239,408	(164,456)	74,952
190,409	(84,368)	106,041	Growth & Regeneration	260,500	(71,263)	189,237
105,574	(119,811)	(14,237)	Housing Revenue Account	104,346	(123,136)	(18,790)
204,487	(196,848)	7,639	Dedicated Schools Grant	212,076	(201,110)	10,966
17,657	(1,252)	16,405	Corporate Funding & Expenditure	9,860	(903)	8,957
1,137,708	**(729,171)**	**408,537**	**Cost of services**	1,243,403	(773,396)	470,007
		2,375	Other operating expenditure (Note 9)			7,937
		55,304	Financing and investment income and expenditure (Note 10)			7,313
		(414,418)	Taxation and non-specific grant income (Note 11)			(473,173)
		51,798	**(Surplus) or Deficit on provision of services**			12,084
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services			
		(99,682)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 20)			(165,124)
		(45,748)	Remeasurement of the net defined benefit liability\asset (Note 34)			112,346
			Items that may be reclassified to the (Surplus) or Deficit on the Provision on Services			
		-	(Surplus)or deficit on financial assets measured at fair value (Notes 24)			-
		(145,430)	Other comprehensive income and expenditure			(52,778)
		(93,632)	**Total comprehensive income and expenditure**			**(40,694)**

Movement in Reserves Statement for the year ended 31 March 2021

	Note	General Fund Balance	Earmarked Reserves	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Sub Total - Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2019		23,258	81,179	12,493	116,929	78,718	7,852	**86,570**	70,824	3,606	3,919	**281,847**	1,293,274	1,575,121
Movement in Reserves during 2019/20														
Surplus or (deficit) on the provision of services		**(54,814)**			**(54,814)**	**3,016**		**3,016**				**(51,798)**		**(51,798)**
Other Comprehensive Expenditure and Income					**-**			**-**				**-**	**145,431**	**145,431**
Total Comprehensive Expenditure and Income		**(54,814)**	**-**	**-**	**(54,814)**	**3,016**	**-**	**3,016**	**-**	**-**	**-**	**(51,798)**	**145,431**	**93,633**
Adjustments between accounting basis and funding basis under regulations	Note 18	59,578			59,578	(2,060)		**(2,060)**	7,688	-	(1,234)	**63,972**	(63,972)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**4,764**	**-**	**-**	**4,764**	**956**	**-**	**956**	**7,688**	**-**	**(1,234)**	**12,174**	**81,459**	**93,633**
Transfers to/(from) Earmarked Reserves	Note 19	(11,020)	16,211	(5,191)	-	7,852	(7,852)	**-**				**-**	-	-
Increase/(Decrease) in 2019/20		**(6,256)**	**16,211**	**(5,191)**	**4,764**	**8,808**	**(7,852)**	**956**	**7,688**	**-**	**(1,234)**	**12,174**	**81,459**	**93,633**
Balance at 31 March 2020 Carried Forward		**17,001**	**97,390**	**7,302**	**121,693**	**87,526**	**0**	**87,526**	**78,512**	**3,606**	**2,685**	**294,022**	**1,374,733**	**1,668,755**
Movement in Reserves during 2020/21														
Surplus or (deficit) on the provision of services		**(30,076)**	**-**	**-**	**(30,076)**	**17,992**	**-**	**17,992**	**-**	**-**	**-**	**(12,084)**		**(12,084)**
Other Comprehensive Expenditure and Income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**52,778**	**52,778**
Total Comprehensive Expenditure and Income		**(30,076)**	**-**	**-**	**(30,076)**	**17,992**	**-**	**17,992**	**-**	**-**	**-**	**(12,084)**	**52,778**	**40,694**
Adjustments between accounting basis and funding basis under regulations	**Note 18**	**172,284**	**-**	**-**	**172,284**	**(7,077)**	**-**	**(7,077)**	**(20)**	**7,690**	**395**	**173,272**	**(173,272)**	**-**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**142,208**	**-**	**-**	**142,208**	**10,915**	**-**	**10,915**	**(20)**	**7,690**	**395**	**161,188**	**(120,494)**	**40,694**
Transfers to/(from) Earmarked Reserves	**Note 19**	**(123,544)**	**123,317**	**227**	**-**	**(651)**	**651**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/(Decrease) in 2020/21		**18,665**	**123,317**	**227**	**142,208**	**10,264**	**651**	**10,915**	**(20)**	**7,690**	**395**	**161,188**	**(120,494)**	**40,694**
Balance at 31 March 2021 Carried Forward		**35,666**	**220,707**	**7,528**	**263,901**	**97,791**	**651**	**98,441**	**78,492**	**11,296**	**3,080**	**455,210**	**1,254,239**	**1,709,449**

Balance Sheet as at 31 March 2021

31-Mar-20 £'000		Note	31-Mar-21 £'000
2,718,767	Property, Plant & Equipment	20	2,840,017
204,056	Heritage Assets	21	207,406
15,958	Intangible Assets	23	20,573
252,586	Investment Property	22	275,903
42,074	Long Term Investments	24	43,570
49,831	Long Term Debtors	29	49,098
3,283,272	**Long Term Assets**		**3,436,568**
89,093	Short Term Investments	24	64,983
10,166	Inventories		12,416
106,283	Short Term Debtors	29	144,928
69,426	Cash and Cash Equivalents	30	142,274
723	Assets held for sale		806
275,691	**Current assets**		**365,407**
-	Cash and Cash Equivalents	30	(20,702)
(14,778)	Short Term Borrowing	24	(4,966)
(167,447)	Short Term Creditors	31	(215,373)
(1,897)	Provisions	32	(5,760)
(26,741)	Capital grants received in advance	17	(44,447)
(5,379)	Derivative Financial Instruments		-
(216,242)	**Current liabilities**		**(291,248)**
(450,488)	Long Term Borrowing	24	(450,488)
(28,257)	Provisions	32	(26,277)
(1,166,622)	Other Long-Term Liabilities	31	(1,291,181)
(28,600)	Capital Grants Receipts in Advance	17	(33,331)
(1,673,967)	**Long-term liabilities**		**(1,801,277)**
1,668,754	**Net assets**		**1,709,449**
(294,021)	Usable Reserves	19	(455,210)
(1,374,733)	Unusable Reserves	33	(1,254,239)
(1,668,754)	**Total reserves**		**(1,709,449)**

These Financial Statements replace the unaudited Financial Statements confirmed by Denise Murray, Director of Finance (S151 Officer) on xx 2023.

Signed ***Denise Murray*** – Director of Finance (S151 Officer)

2019/20			2020/21
£'000		Note	£'000
(51,798)	Net deficit on the provision of services		(12,211)
204,425	Adjustment to net surplus on the provision of services for non-cash movements	35	152,268
(89,922)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	35	(83,538)
62,705	Net cash flows from Operating Activities		56,519
(25,041)	Investing Activities	36	20,726
24,365	Financing Activities	37	(25,099)
62,029	Net increase (decrease) in Cash and Cash Equivalents		52,146
7,397	Cash and Cash Equivalents at the beginning of the reporting period	30	69,426
69,426	**Cash and Cash Equivalents at the end of the reporting period**		**121,572**

1 Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

(ii) Recognition of Income and Expenditure

Activity is accounted for in the year in which it takes place, which may not be the same year in which cash payments are made or received.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. In local government, the generation of revenues from charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within each financial year.

Revenue from the sale of goods and disposal of assets is recognised when the Council transfers the risks and rewards of ownership to the purchaser. Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied. 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.

Supplies are recorded as expenditure when they are consumed. If there is a gap between the date supplies are received and their consumption, they are carried as inventories in the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

(iv) Charges to Revenue for Non-Current Assets

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

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

(v) City Region Deal

The Council has applied the principles of IPSAS 23 'Revenue from non-Exchange transactions (Taxes and Transfers)' in accounting for the transactions and balances relating to the City Region Deal.

Growth paid to the accountable body (South Gloucestershire Council) for the Business Rates Pool (BRP) is recognised by the Council as a debtor until such point that the funds are paid out by the BRP or committed by the Economic Development Fund (EDF) to fund future EDF payments in respect of approved programmes.

- Income - Income receivable by the Council from the BRP is recognised as revenue in the year in which it occurs. The Council recognises revenue and a debtor balance to the extent that future EDF disbursements are to be received, have been committed to by the EDF, and sufficient uncommitted cash remains in the BRP to fund future payments.

- Expenditure – Expenditure is recognised by the Council on the earlier of payments being made by the BRP or where future EDF payments are committed to. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

(vi) Collection Fund and Local Taxation

Bristol City Council is a billing authority for local taxation and collects:

- Council tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself.

- Non-Domestic Rates on behalf of Avon Fire Authority, the West of England Combined Authority (WECA) and itself.

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

The Collection Fund is effectively an agency account therefore income, expenditure and balance sheet transactions are apportioned between the Council, central government and precepting bodies.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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.

(vii) Dedicated Schools Grant

The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2020 establish new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its school's budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. Instead, the deficit (including the accumulated deficit as of 31 March 2020) is charged to an unusable reserve the Dedicated Schools Grant Adjustment Account by a transfer from the General Fund Balance in the Movement in Reserves Statement.

(viii) Employee Benefits

Benefits Payable During Employment

Monetary benefits such as wages and salaries, paid leave and bonuses, and non-monetary benefits (for example, cars) for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made to represent the cost of holiday entitlement earned but not taken at each year end, to meet Code and IAS requirements.

Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pension Scheme administered by Bath and North East Somerset Council.
- The NHS Pension Scheme, for Public Health employees, administered by NHS Pensions.

All the above schemes provide defined benefits to members for example retirement lump sums and pensions, earned as employees working for the Council.

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The CIES is charged with the employer's contributions payable to Teachers pensions and NHS pensions in the year.

The Local Government Pension Scheme

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

The liabilities of the Avon Pension Fund 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 retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high-quality corporate bonds.

The assets of Avon Pension Fund attributable to the Council are included in the Balance Sheet at 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 liability of the Council is analysed into the following components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset 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/asset at the beginning of the period, considering any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

- Re-measurement of 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 pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.

- Contributions paid to the Avon Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

In 2020, the Council made an up-front payment of the LGPS deficit contributions for the three years 2020/21 - 2022/23 totalling £20.430m (net of academy conversions). This payment was made April 2020. The up-front payment took advantage of the independent Actuary's calculation of the return these contributions could achieve once invested by the Pension Fund. The discount calculated by the Actuary for making the up-front payment (net of academy conversions) rather than the typical approach of monthly payments in arrears over the three-year period was £1.295m, reducing total payments from £21.725m to £20.430m. The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's Treasury Management Strategy and the approach represented good value for money for the Council.

There is a temporary imbalance between the Net Pensions Liability and the Pensions Reserve, which is due to the Council opting to pay three years past service costs upfront during 2020/21 (see above). It immediately reduced the net pensions liability, but the payment will be released to the Pensions Reserve over the respective three financial years, in accordance with proper accounting practice.

Discretionary Benefits

The Council has restricted powers to provide discretionary post-employment benefits. Any such benefits are accrued for in the year of the decision to make the award and are charged to the Comprehensive Income and Expenditure Statement against the service in which the employees worked.

(ix) Events After The Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. In this instance, the Statement of Accounts is adjusted to reflect such events.
- Those relating to conditions that arose after the reporting period. In this instance, 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.

Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts.

(x) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

(xi) Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. As 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 interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term of the replacement loan that was used to refinance the loan against which the premium was payable or discount receivable. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

The Council's business model for most of its investments is to hold them to collect contractual cash flows. Financial assets are therefore classified as amortised cost. There are some exceptions, where the Council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the county. This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the 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 Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, from time to time the Council makes loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. 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.

In addition, the Council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the Council, for example where the Council holds a legal charge against a property that enables sums to be reimbursed from sale proceeds later. These are like loans at less than market rates and are referred to as soft loans. If any the lost interest against the soft loan was significant then adjustments would be made to the relevant service revenue account and Balance Sheet. However, the impact on the Council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

An equity instrument can be elected to a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The Council has reviewed its assets that would be measured at FVPL based on the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the Council from the chosen classification.

(xii) 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.
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

(xiii) Heritage Assets

The Council's Heritage Assets are predominantly on display in museum buildings and galleries in the city, held in storage or loaned out to other educational or cultural organisations.

These assets are all valued on a historic cost basis or an annual insurance valuation basis.

The Council holds numerous ancient monuments and statues which are not recognised on the Balance Sheet because of the diverse and often unique nature of the assets held and the lack of comparable market values.

There is no depreciation charge against heritage assets because it is estimated that the assets have an extended and indeterminate useful life such that any depreciation charge would be negligible. The carrying values of Heritage Assets are reviewed when there is evidence of impairments for example when an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any reductions to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

(xiv) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no Intangible Asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an Intangible Asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure

(xv) Interests in Companies and Other Entities

(a) Subsidiaries

Subsidiaries are all entities over which the Council has control. The Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The Council's material subsidiaries are Bristol Holding Limited (which is directly held) and Bristol Waste Company Limited and Bristol Energy Limited (all of which are indirectly held). There are no non-controlling interests.

In the single entity accounts, the Council has opted to account for its investments in subsidiaries in accordance with Chapter 7 of the Code, Financial Instruments. The investments are accordingly classified as fair value through other comprehensive income (FVPL) and are carried in the Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.

In the group accounts, the subsidiaries are consolidated on a line-by-line basis with adjustments to eliminate intra-group transactions, balance and unrealised gains on transactions between the group entities. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Council's accounting policies.

b) Joint Arrangements

A Joint Arrangement is an arrangement of which two or more parties have joint control where the parties are bound by contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. Joint Arrangements are classified as Joint Ventures or Joint Operations.

The Council has no material Joint Ventures.

A Joint Operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Council has one Joint Operation being the West of England Local Enterprise Partnership. In respect of this, the Council accounts for:

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

(xvi) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on "the highest or best price that can be obtained in the most advantageous market, in an arms' length transaction between knowledgeable participants at the measurement date". Investment Properties are not depreciated but are revalued 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.

Rental Income received in relation to investment properties is 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 sale proceeds, the Capital Receipts Reserve.

(xvii) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability.
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (for example if there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

To date the Council has not granted any Finance Leases.

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 (for example if 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.

(xviii) Minimum Revenue Provision (MRP)

The Council is not required to use Council tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

(xix) Overheads And Support Services

The Council operates and manages its support services within the Resources Directorate, and this is how these services are reported to management. The costs of overheads and support services are therefore not re-apportioned (except for ring-fenced accounts such as the HRA, Public Health and Licencing).

(xx) Prior Period Adjustments

Prior period adjustments arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are only accounted for prospectively i.e. in the current and future years which are affected by the changes, they do not give rise to a prior period adjustment.

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

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

(xxi) Service Concessions

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the contract operator are analysed into the following elements:

- Fair value of any services received during the year.
- Finance cost - an interest charge of the effective rate of interest on the outstanding Balance Sheet liability.
- Contingent rent payable under the agreement.
- Lifecycle replacement costs where applicable.
- Payment towards liability - applied to write down the Balance Sheet liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

(xxii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the 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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Capital schemes above £0.25m are subject to annual review and any expenditure incurred which has not enhanced the asset's value is charged as an expense in the financial year that it is incurred. Expenditure on capital assets totalling less than £20,000 in any single financial year is classed as de-minimis and therefore is not capitalised but charged as an expense.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Community assets - depreciated historical cost.
- Assets under construction - historical cost.
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH).

- Surplus assets – the current value measurement base is fair value, defined as "the highest or best price that can be obtained in the most advantageous market, in an arms' length transaction between knowledgeable participants at the measurement date".
- 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

When decreases in value are identified, they are accounted for in the same way as an impairment.

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.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and 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 as follows:

- 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).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

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, car parks, quay walls and lock gates, some 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 upon component accounting basis. In the year of disposal six-month depreciation is charged to the accounts.
- Other buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer.
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet.

The Council applies component accounting to all assets with a net book value more than £5m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

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

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. 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 losses recognised 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 is disposed of or is decommissioned, the carrying amount of the asset 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 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 is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the HRA'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 fixed 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.

(xxiii) Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg bridges), street lighting, street furniture (eg illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were original recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion over their estimated useful lives circa 25 years, and is charged on a straight-line basis.

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (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 (ie netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

(xxiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the relevant provision. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

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 are disclosed in a note to the accounts.

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 are disclosed in a note to the accounts.

(xxv) Reserves

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

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

(xxvi) Revenue Expenditure Funded from Capital under Statute

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

(xxvii) Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the single entity accounts of the Council (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

Schools within the Council's group fall into the following categories

- 47 Community (12 Nurseries, 30 Primaries, 4 Special and 1 Alternative Provision Site).
- 3 Foundation (2 Primaries and 1 Special).

Other types of school, such as voluntary aided and voluntary controlled schools, academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

(xxviii) Value Added Tax

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

(xxix) Rounding Convention

Unless otherwise stated the convention used in these Financial Statements is to round amounts to the nearest thousand pounds. All totals are the rounded additions of unrounded figures, and therefore may – from time-to-time – not be the strict sums of the figures presented in the text or tables.

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

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2022/23 Code. The required date of application and the date that the Council will adopt IFRS 16 is 1 April 2022. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments Whilst this is expected to have little impact on the Council, work will need to be undertaken during 2021/22 to ensure significant lease type arrangements across the Council are identified and accurately recorded. This will include a review of existing and creation of new processes for managing and recording lease arrangements.

Other changes to the Code include,

- Definition of a Business: Amendments to IFRS 3 Business Combinations.

- Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 Insurance Contracts and IFRS 16 Leases.

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

The Council has completed a school-by-school assessment across the different types of school it controls within the city. The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting classification for each school on an individual case basis in conjunction with the relevant dioceses for voluntary aided and voluntary controlled schools.

- All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.
- Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally by a religious body. Legal ownership of 10 VA schools rests with Clifton Diocese. Legal ownership of the remaining VA and VC schools' rests with Bristol Diocese. We understand that the Diocese have granted a licence to the schools to use the land and buildings. Under this licence arrangement, the rights of use have not transferred to the schools and thus are not included on the Council's Balance Sheet.
- There are two Foundation Trusts in Bristol - the South East Bristol Educational Trust and the Trust in Learning – who own 3 schools in the city. The Council exercises no control over these Trusts, so these assets are not included on the Council's Balance Sheet.
- Academies are not considered to be maintained schools in the Councils control. The land and building assets are either, not owned by the Council, or let on a long-term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

There is a high degree of uncertainty about future levels of funding for local government, with the deferral for a second year running of the Government's medium term Spending Review, postponement of the implementation of the Fair Funding Review, delays to the Adult Social Care funding green paper and uncertainties over the impact of the COVID-19 pandemic and gradual lifting of restrictions on major income streams. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

The costs of the Schools Private Finance Initiative (PFI) Contracts exceed the income received from the Government Grant and School Contributions, leaving the Council with a liability under the PFI Contracts. All PFI Schools have now transferred to Academy status and these assets have been removed from the Council's balance sheet. Following a review of the costs and benefits, the Council considers the contract not to be onerous as the benefits significantly outweigh the costs.

COVID-19 Funding – the Council has received additional grant funding as part of the government's response to the COVID-19 pandemic, some to cover the Council's own expenditure/income shortfalls and some for passing on to local businesses and individuals. The Council has made judgements about whether it is acting as principal or agent in relation to this funding. During 2020/21 the Council provided £13.4m in coronavirus business financial support grants where the authority had a degree of discretion over the grant's distribution. In this case, the Council is acting as principal the grant receipts have been recognised as income and associated payments as expenditure. It also issued £131.8m in other coronavirus business support grants where it acted as a distribution point between central government and the recipients and had no control over the amount of grant allocated to each business. Here the Council is acting as agent the grant receipts and corresponding payments are not included in the Comprehensive Income and Expenditure Statement (CIES), other than any element of the funding relating to administration costs.

4 Assumptions made about the Future and other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if actual results differ from assumptions
Property, Plant and Equipment (excluding Council dwellings) Carrying value £1.04bn	Asset valuations are based on market prices and are periodically re-valued using a 5-year rolling programme to ensure that the Council does not materially misstate its property, plant and equipment. If market prices change significantly, over time there will be a corresponding increase or reduction in the value of Council land and buildings. The outbreak of Covid-19 has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. If the value of the Council's property, plant and equipment, was to reduce by say 10%, this would result in a £104m change in cost value charged against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement. A corresponding increase in estimated valuations would result in a combination of increases to the Revaluation Reserve and / or reversals of previous negative revaluations charged to the Comprehensive Income and Expenditure Statement.
Pensions Liability	Estimation of the net 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 investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied.	Variations in the key assumptions will have the following impact on the net pension liability of £1.1bn • a 0.1% increase in the discount rate will reduce the net pension liability by £80m. • a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £85m.

		• a 0.1% increase in the assumed level of pay inflation will increase the net pension liability by £22m. • an increase of one year in longevity will increase the net pension liability by £24m.
Fair Value Estimation	Asset valuations are based on either: • market prices for investment property, surplus assets and non-current assets held for sale: or • the net assets of unquoted companies in which the Council has a controlling or significant interest. It remains unclear what impact the COVID 19 pandemic will have on property values and there is a risk of material changes during the next year.	If the value of the Council's investment property, surplus property and non-current assets held for sale, (total carrying value £321m) was to reduce by 10%, this would result in a £32m reduction and a corresponding reduction to Unusable Reserves in the Balance Sheet.

5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on xx March 2022. Events taking place after this date are not reflected in the financial statements or Notes. However there has been one event since the 31 March 2020 up to the date the accounts were authorised for issue by the S151 Officer.

In June 2021, Bristol Energy (BE2020) entered into a members voluntary liquidation process. FRP were appointed liquidators and the BE2020 Board stepped down. The liquidation process remains on-going.

Due to the downturn during the year of the market conditions in which Bristol Energy operate a decision was taken during June 2020 to proceed to seek a buyer for Bristol Energy, business and/or assets. Given the extent of uncertainty regarding the final outcome of the matters currently under consideration, the Council cannot make a reliable estimate of the full financial implications to its accounts at this time.

On 3rd June 2021, Bristol Holding Ltd agreed to the reclassification of 27,321,425 redeemable preference shares (at a 7% coupon) held in BE2020 Ltd being converted into ordinary shares held in the company. All accrued and future interest and any arrears of preferential dividend attaching to the preference shares have been waived and written off. The total value of the preference share interest is £6.5m. This had been fully provided for on a year-on-year basis in the Council's accounts.

Bristol City Leap Overview
In April 2022 following a successful procurement of a Strategic Partner for City Leap Energy Partnership, Cabinet approved the appointment of Ameresco Limited as the preferred Bidder with Vattenfall Heat UK Limited as its key sub-contractor. The primary aim of the Strategic partnership is to provide and secure low-carbon energy-related investment and expertise to deliver City Leap's Strategic Objectives.

The assets associated with the Council's energy service include Heat Networks, and in July 2022 Cabinet approved the transfer of the Council's Heat Network Assets (HNA) to Bristol Heat Networks Limited (BHNL), the Council's wholly owned company, which will be acquired by Vattenfall under the terms of a Share Purchase Agreement (SPA).

The value of the assets transferred to Bristol Heat Networks Limited is £22.6 million, which reflected the cost incurred by the Council to the point of transfer, offset by any historical government grant funding received. The analysis undertaken of historic assets identified that up to £0.5 million is attributed to initial feasibility studies for the initial phases of the city centre heat network, for which no physical asset exists. This element was reversed from capital (revenue reversion) and a charge made to the revenue budget funded in 2022/23 by the net service budget in concluding the transaction.
In December 2022, Cabinet approved the formation of the City Leap Energy Partnership, 50:50 Joint Venture company between the parties (Ameresco and Bristol City Council), which will focus primarily on project origination to deliver the Strategic Partner's business plan. The City Leap Energy Partnership has

been granted a 20-year concession to provide opportunities for the development, construction, and financing of low-carbon energy-related infrastructure technologies and delivery of associated services to assist with meeting Bristol's carbon neutrality targets.

The purchase consideration attributed to the transfer is £22.6 million based on the level of debt owed to the Council by BHNL at the point of transfer, predominantly arising as a result of the Asset Transfer and working capital requirements of the company. The 50% share consideration will be £1 for the transfer by Bristol Holding Limited of its one ordinary share in BHNL to Vattenfall Heat UK Limited.

Under the terms of the Concession Agreement 27 of the 33 of the Council's existing Energy Services team transferred to the newly formed Joint Venture company under TUPE, with a small team remaining with the Council to manage the Council's energy budget and non-heat network assets.

No new Council funding has been approved for City Leap projects in delivery of the initial Business Plan and all future capital funding contributions made by the Council to City Leap projects will be subject to the usual decision-making and scrutiny processes of the Council.

The City Leap Project costs from inception to procurement and mobilisation is expected to be contained within the approved budget envelope of £9m (subject to true up).

The date of execution that gave effect to the transactions is January 2023.

<u>Warranties and Indemnities</u>
Under the terms of the Share Purchase Agreement (SPA) and Concession Agreement, standard Warranties have been given. The SPA contains standard business warranties relating to key aspects of the former BHNL's business such as, accounts, tax warranties, breach of grant funding conditions, assets, contract and land ownership which parts of the heat network cross.

All claims under the SPA are limited at 50% of the amount paid by Vattenfall

Employment & Pensions

The Council is providing standard TUPE indemnities covering potential claims from transferring employees. In addition, a share of redundancy and pension strain costs if any of the transferring employees are made redundant by the Strategic Partner within the first three years. This is not expected to exceed £0.2million based on 2022/23 pay rates.

The new employer assumes the ongoing financial responsibility to provide the pension benefits under the Local Government Pension Scheme in respect of those employees in the fund whose employments transfer (note the fund will be closed to new employees). Any pension liabilities accrued prior to the start of the agreement will not be charged to the new employer and as such the new employer commences on a '100%' funded status on inception.

The Council required the City Leap entity to guarantee the liability in respect of all amounts due from it and protect the fund against any identified risks. The potential funding risks and guarantee / bond requirement was assessed with an initial value of circa £0.190 million. The guarantee will only become valid if the admitted body went into liquidation and the Fund would attempt all possible ways of receiving any deficit from the admitted body first.

The Council will stand behind the liabilities attributed to employer pension contributions in excess of an agreed ceiling.

The Council is giving standard contractual warranties as to capacity and its liability for matters other than Employment & Pensions is capped at £1 million.

An appropriate level of risks provision circa. £3.0 million against the contingent liabilities outlined above has been captured within the council's capital investment reserve and will be tapered as the associated liabilities fall away.

6 Other Items of Expenditure and Income

Income and expenditure relating to COVID-19

The accounting arrangements for business rates income mean that the General Fund Balance at 31 March 2021 excludes the loss for rate reliefs introduced by the government in 2020/21 to support business sectors during the pandemic. This loss will be charged to the General Fund in 2021/22 as part of the deficit on the Collection Fund being recouped in future years. However, the Council received £83m of government grant in 2020/21 to compensate for this loss. This material grant income has been shown separately within Taxation and Non-Specific Grant Income on the face of the CIES. The additional S31 business rates reliefs grant over and above what was budgeted for in 2020/21 has been transferred to a revenue reserve to be used in 2021/22 to offset the business rates deficit that will be charged to the General Fund (see Note 19 Usable Reserves).

Details of general and specific revenue grant funding for COVID-19 is provided in note 17 Grant Income In the CIES specific grant income is included within the Cost of Services and general grant income is included within Taxation and Non-Specific Grant Income. Where the Council has acted as an agent of the government in administering grants to businesses, social care providers and individuals these are excluded from the CIES.

The financial impact of the Covid-19 pandemic on the Council's General Fund budget in 20/21 (i.e. excluding Housing Revenue Account, DSG and collection of Council tax or Business Rates income) is £74.7 million for the year. This was made up of £50.6 million additional expenditure and the inability to deliver planned savings, as well as £24.1 million reduction in income from sales, fees and charges.

These costs have been funded by a mixture of specific and general funding provided by Government departments as well as local mitigations.

7 Expenditure and Funding Analysis for the year ended 31 March 2021

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	Revised outturn	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA Note 3	Other Differences EFA (Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	246,804	(46,298)	**200,506**	2,413	1,766		**4,179**	**204,685**
Resources	60,153	3,768	**63,921**	6,625	4,406		**11,031**	**74,952**
Growth & Regen	82,651	3,296	**85,947**	98,698	4,592		**103,290**	**189,237**
Housing Revenue Account	(10,915)	(10,851)	**(21,766)**	646	2,330		**2,976**	**(18,790)**
Dedicated Schools Grant	7,113	(54)	**7,059**	-	3,907		**3,907**	**10,966**
Corporate Funding and Expenditure	62,147	(50,934)	**11,213**	(14,462)	(4,408)	16,612	**(2,257)**	**8,957**
	447,953	(101,073)	**346,880**	93,920	12,593	16,612	**123,126**	**470,007**
Other income and expenditure (Notes 9,10,11)			(500,003)	(68,856)	22,523	88,413	42,079	(457,923)
(Surplus) Deficit on the Provision of Services			**(153,123)**				**165,205**	**12,084**
Opening General Fund and HRA Balance			(209,219)					
Less Deficit on General Fund and HRA Balance in Year			(153,123)					
Closing General Fund and HRA Balance at 31 March 2021*			**362,342**					

* For a split of this balance between the General Fund and the HRA - see movements in Reserves Statement

	Revised outturn	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA Note 3	Other Differences EFA (Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	215,668	(14,360)	**201,308**	22,415	1,129		**23,544**	**224,852**
Resources	58,193	(975)	**57,218**	5,961	4,658		**10,619**	**67,837**
Growth & Regen	66,197	4,354	**70,551**	30,925	4,565		**35,490**	**106,041**
Housing Revenue Account	(1,041)	(10,062)	**(11,103)**	(5,503)	2,369		**(3,134)**	**(14,237)**
Dedicated Schools Grant	3,661		**3,661**		3,978		**3,978**	**7,639**
Corporate Funding and Expenditure	40,018	(14,950)	**25,068**	(19,601)	8,075	2,864	**(8,662)**	**16,405**
	382,696	(35,993)	**346,703**	34,197	24,774	2,864	**61,835**	**408,537**
Other income and expenditure (Notes 9,10,11)			(352,422)	(26,994)	23,029	(351)	(4,317)	(356,739)
(Surplus) Deficit on the Provision of Services			**(5,720)**				**57,518**	**51,798**
Opening General Fund and HRA Balance			(203,499)					
Less Deficit on General Fund and HRA Balance in Year			(5,720)					
Closing General Fund and HRA Balance at 31 March 2020*			**(209,219)**					

* For a split of this balance between the General Fund and the HRA - see movements in Reserves Statement

EFA Note 1 – Adjustments

The reallocation of transactions to/from service areas below the net cost of services to Other Income and Expenditure for example interest receivable and interest payable from Corporate Funding and Expenditure to Other Income and Expenditure. The removal of transfers to/from reserves included in outturn in Corporate Funding & Expenditure as these are not shown on the face of the CIES.

EFA Note 2 - Adjustments for Capital Purposes

Adjustments for capital purposes - this column adds in depreciation, impairment and revaluation gains and losses in the services line for:

- Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of asset 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.

EFA Note 3 - Net change for 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 Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure this is the net interest on the defined benefit liability is charged to the CIES.

EFA Note 4 - Other Differences

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- 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 NDR 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.

8 Expenditure & Income Analysed By Nature

	2020/21	2019/20
Expenditure & Income Analysed By Nature	£000	£000
Expenditure		
Employee Benefits Expense	387,678	378,049
Depreciation, Amortisation & Impairment	122,876	99,140
Other Service Expenditure	770,318	738,093
Total Expenditure	**1,280,872**	**1,215,282**
Income		
Fees, Charges and Other Service Income	(282,454)	(323,950)
Interest & Investment Income	(10,938)	(7,883)
Income from Council tax & Non-domestic Rates	(278,492)	(357,352)
Government Grants, Other Grants and Contributions	(696,777)	(474,299)
Total Income	**(1,268,661)**	**(1,163,484)**
Surplus or deficit on the Provision of Services	**12,211**	**51,798**

8a Revenue from Contracts with Service Recipients

The Council contracts with service recipients as part of its normal operating activities. The table below sets out the material items of income within fees, charges and other service income in the table above.

	2020/21 £'000	2019/20 £'000
Contributions from Other Organisations	17,805	22,469
Health Authorities	35,951	24,521
Other Local Authorities	6,252	13,885
Social Care Charges	26,685	27,591
Sales of Services	4,195	7,050
Car Parking	4,681	13,098
Housing Revenue Account Income	122,440	121,875
Commercial Rents	16,111	14,560
Licencing	6,723	7,529

The Council has identified contractual arrangements in place in relation to Deferred Payments, where care users can use the value of their home to help pay care home costs. The following amounts were recognised in the Comprehensive Income and Expenditure Account as income,

	2020/21 £'000	2019/20 £'000
Client Contributions	25,795	26,514
Deferred Payments	635	1,077
Total	**26,430**	**27,591**

The following amounts were included in the Balance Sheet for contracts with service recipients, in relation to the contracts identified above.

	2020/21	2019/20
	£'000	£'000
Adult care and health residential	1,662	2,121
Adult care and heath	383	310
Total	**2,045**	**2,431**

Except for the above all contracts with service recipients are complete and, therefore, no contract obligations, assets or liabilities continue beyond this financial year.

9 Other Operating Expenditure

	2020/21	2019/20
	£'000	£'000
Precepts and levies	10,953	9,226
Payments to the Government housing capital receipts pool	2,115	2,113
Losses/(gains) on the disposal of non-current assets	(5,132)	(8,963)
Total	**7,936**	**2,376**

10 Financing and Investment Income and Expenditure

	2020/21	2019/20
	£'000	£'000
Interest payable and similar charges	34,241	35,268
Loss Allowance (Financial Guarantee Contracts)	(5,379)	5,379
Changes in the fair value of financial instruments*	(1,669)	17,079
Pensions net interest cost	22,523	23,029
Interest receivable and similar income	(9,268)	(10,232)
Income and expenditure in relation to Investment Properties	(10,569)	(11,474)
Changes in fair value of Investment Properties	(22,566)	(3,744)
Total	**7,313**	**55,304**

11 Taxation and Non-Specific Grant Income

	2020/21	2019/20
	£'000	£'000
Council tax income	(224,419)	(215,116)
Non-domestic rates	(55,493)	(142,236)
Non-service-related government grants	(151,656)	(23,402)
Capital grants and contributions	(41,605)	(33,664)
Total	**(473,173)**	**(414,418)**

12 Pooled Budgets

Better Care Fund

The Better Care Fund (BCF) was established to support the integration of health and social care as a basis for joint planning the delivery of local services. The current BCF was established in April 2018 as part of a joint two year programme between Bristol City Council and NHS Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group (BNSSG) agreed under Section 75 of the National Health Service Act 2006. The formal governance of the BCF is through the Joint Commissioning Board and the Bristol Health and Well Being Board.

Under this Section 75 agreement there are five funds totalling £78.638m in 2020/21 and administered by whichever body undertook the contracting arrangements.

Fund 1 is administered by BNSSG and totals £16.607m. The fund includes contributions from the BNSSG only, which have been paid to providers contracted to support the sub schemes Reduction in Hospitals Admissions, Frail and Complex, Falls Prevention and Reablement. The BNSSG controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Fund 2 is administered by BNSSG and totals £0.812m. The funding is provided to Bristol City Council to offset in-year contract price and cost pressures.

Fund 3 is hosted by Bristol City Council and totals £3.528m, which is wholly made up of the Disabled Facilities Grant. The fund includes contributions from the City Council only, which are paid directly to providers. The City Council controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Fund 4 is a joint arrangement hosted by Bristol City Council and totals £41.176m. Both the BNSSG and Bristol City Council contribute towards the source of funding. The City Council is the Lead Commissioner for the services commissioned through this fund. The risks are shared based on the area of spend. The BNSSG owns the risks for Health related spend and Bristol City Council holds the risk for Social Care related spend as per the section 75 agreement.

Fund 5 is hosted by Bristol City Council and totals £16.515m, which is wholly made up of the improved Better Care (iBCF) and Winter Pressures funds. The fund includes contributions from the City Council only, which are paid directly to providers. The City Council controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Better Care Fund	**Fund 1 £'000**	**Fund 2 £'000**	**Fund 3 £'000**	**Fund 4 £'000**	**Fund 5 £'000**	**Total £'000**
Funding provided to the pooled budget:						
BNSSG	16,607	812		15,629		33,048
Bristol City Council	-	-	3,528	25,547	16,515	45,590
Total funding into Pooled Budget	**16,607**	**812**	**3,528**	**41,176**	**16,515**	**78,638**
Expenditure met from Pooled Budget						-
BNSSG	16,607	812	-	15,629	-	33,048
Bristol City Council	-	-	3,528	27,098	16,515	47,141
Total expenditure from Pooled Budget	**16,607**	**812**	**3,528**	**42,727**	**16,515**	**80,189**
Net surplus/(deficit) on the pooled budget during the year	-	**-**	**-**	**(1,551)**	**-**	**-**
Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget	**-**	**-**	**-**	**(1,551)**	**-**	**-**

13 Members' Allowances

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

	2020/21	2019/20
	£'000	£'000
Allowances	1,395	1,246

In addition to the above, the elected Mayor is paid an annual allowance amounting to £80,871 (2019/20: £72,016)

14 Officers' Remuneration & Exit Packages

Where a senior officer's annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed individually by way of job title. For those senior officers whose salary is £150,000 or more, their name is also disclosed. The remuneration paid during the year was as follows:

2020/21				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Executive Director - Resources - Head of Paid Service	Apr '20 - Mar '21	M Jackson		13,750	-	-	**13,750**
Chief Executive & Head of Paid Services	May '20 – Mar '21	M Jackson		155,788	-	-	**155,788**
Executive Director - People	Apr '20 - Mar '21	J Jensen	1	169,538	-	36,163	**205,701**
Executive Directors - Growth and Regeneration	Apr '20 – Mar '21	S Peacock		169,538	-	36,163	**205,701**
Director – Homes and Landlord Services	Apr '20 – Dec '20	J Higson	2	115,750	26,971	17,259	**159,980**
Statutory Officers- Director Adult Social Care	Apr '20 – Mar '21	H Evans		126,652	-	25,350	**152,002**
Statutory Officers- Chief Financial (S151)	Apr' 20 – Mar '21			123,300	-	26,300	**149,600**
Statutory Officers- Director Education and Skills	Apr '20 – Mar '21			107,888	-	23,013	**130,901**
Statutory Officers- Director Children and Family Services	Apr '20 – Mar '21			107,374	-	22,903	**130,277**
Statutory Officers – Director of Public Health	Apr '20 - Mar '21			92,475	-	19,725	**112,200**
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '20 - Mar '21			87,338	-	18,629	**105,967**

1 Post holder left on 31st March 2021
2 Post holder left on 31st December 2020
3 Local authorities also pay the coroner's salary or fees and agree other terms and conditions, but there is no contract of employment between the local authority and coroner. Coroners should not be equated in financial or other terms with chief officers.

***Fees paid in respect of individuals engaged on an interim basis**

The Council also secured services from various individuals on an interim basis during 2019/20 and 2020/21. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2020/21 were as follows:

- C Molton who holds the position of **Project Manager** from April 2020 to January 2021 at a cost to the Council in 2020/21 of £**180,582 (**2019/20 of **£89,064**)
- H Cromey who holds the position of **City Leap Programme Manager** from April 2020 to December 2020 at a cost to the Council in 2020/21 of **£108,737** (2019/20 of **£219,843**)
- S Blake who holds the position of **Project Housing Manager** from April 2020 to September 2020 at a cost to the Council in 2020/21 of **£49,592** (2019/20 of **£41,785**)
- N Owens who holds the position of **Specialist Project Manager** from April 2020 to March 2021 at a cost to the Council in 2020/21 of **£179,337** (2019/20 of **£164,850**)
- N Beardmore who holds the position of **Clean Air Zone Communication & Engagement Director** from April 2020 to March 2021 at a cost to the Council in 2020/21 of **£218,005** (2019/20 of **£66,883**)
- J Bungey who held the position of Commercial Consultant to Bristol Heat Network from April 2020 to December 2020 and then Executive Director of Bristol Heat Network to March 2021 at a cost to the Council in 2020/21 of **£137,699**

2019/20				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Executive Director - Resources - Head of Paid Service	Apr '19 - Mar '20	M Jackson		165,000	-	-	**165,000**
Executive Director - People	Apr '19 - Mar '20	J Jensen	1	160,613	-	37,262	**197,875**
Executive Director - Growth and Regeneration (Interim)*	Apr '19 - Nov '19	C Molton		146,353	-	-	**146,353**
Executive Directors - Growth and Regeneration	Nov '19 – Mar '20	S Peacock		61,875	-	14,355	**76,230**
Statutory Officers- Director Adult Social Care	Apr '19 – Mar '20			120,045	-	25,520	**145,565**
Statutory Officers- Director Education and Skills (Interim)*	Apr' 19 – Oct '19	A Stubbersfield		116,678	-	-	**116,678**
Statutory Officers- Director Education and Skills	Sep '19 – Mar '20			56,292	-	13,060	**69,351**
Statutory Officers- Chief Financial (S151)	Apr '19 - Mar '20			120,000	-	27,840	**147,840**
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '19 - Mar '20			84,634	-	19,635	**104,269**
Statutory Officers – Director of Public Health	Apr '19 - Mar '20			90,000	-	20,880	**110,880**

1 Post previously called Executive Director - Adults, Children and Education

***Fees paid in respect of individuals engaged on an interim basis**

The Council also secured services from various individuals on an interim basis during 2019/20. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2019/20 were as follows:

- C Molton who holds the position of **Project Manager** from November 2019 to March 2020 at a cost to the Council in 2019/20 of **£89,064**
- H Cromey who holds the position of **City Leap Programme Manager** from June 2019 to March 2020 at a cost to the Council in 2019/20 of **£219,843**
- S Blake who holds the position of **Project Housing Manager** from November 2019 to March 2020 at a cost to the Council in 2019/20 of **£41,785**
- N Owens who holds the position of **Specialist Project Manager** from April 2019 to March 2020 at a cost to the Council in 2019/20 of **£164,850** (2018/19 of **£163,566**)
- N Beardmore who holds the position of **Clean Air Zone Communication & Engagement Director** from December 2019 to March 2020 at a cost to the Council in 2019/20 of **£66,883**

In addition to the remuneration of senior employees set out above, the number of the Council's employees receiving more than £50,000 remuneration for the year (excluding employer's contributions) is set out in the table below:

Remuneration band	2020/21 Number of employees		2019/20 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	11	37	15	32
£55,000 - £59,999	13	42	14	39
£60,000 - £64,999	10	20	13	29
£65,000 - £69,999	10	32	15	26
£70,000 - £74,999	10	18	6	24
£75,000 - £79,999	3	27	2	5
£80,000 - £84,999	-	7	1	4
£85,000 – 89,999	-	4	1	2
£90,000 - £94,999	-	3	1	3
£95,000 - £99,999	-	4	-	3
£100,000 - £104,999	-	-	-	1
£105,000 - £109,999	-	1	-	3
£110,000 - £114,999	-	1	-	-
£115,000 - £119,999	-	-	-	1
£120,000 - £124,999	-	2	-	2
Totals	57	198	68	174

Exit Packages

The numbers of exit packages relating to Council employees during 2020/21, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

Exit package cost band	**Number of compulsory redundancies**		**Number of other departures**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band**	
	2020/21 No.	2019/20 No.	**2020/21 No.**	2019/20 No.	**2020/21 No.**	2019/20 No.	**2020/21 £'000**	2019/20 £'000
£0 - £20,000	7	10	6	19	13	29	98	229
£20,001 - £40,000	-	3	2	5	2	8	61	227
£40,001 - £60,000	-	-	-	7	-	7	-	341
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	1	-	1	-	92
£100,001 - £150,000	-	-	-	1	-	1	-	102
£150,001 - £200,000	-	-	-	-	-	-	-	-
Total	**7**	**13**	**8**	**33**	**15**	**46**	**159**	**991**

15 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 and to non-audit services provided by the Council's external auditors Grant Thornton.

	2020/21 £'000	2019/20 £'000
Fees payable to the External Auditor regarding external audit services carried out by the appointed auditor for the year	304	211
Fees payable to the External Auditor for the certification of grant claims and returns for the year	42	32
Fees payable in respect of other services provided by the External Auditor during the year	4	-
Total	**350**	**243**

16 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). Once allocated to a local authority an element is recouped by the EFA to fund academy schools in the Council's area. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are shown in the following table:

2019/20 £'000					**2020/21 £'000**		
Central Expenditure	ISB	Total		Notes	**Central Expenditure**	**ISB**	**Total**
		355,148	Final DSG before academy recoupment				374,259
		189,088	Less: Academy figure recouped for year	1			200,955
		166,060	Total DSG after academy recoupment				173,304
		1,962	Plus: Brought forward from previous year	2			(2,892)
		(2,407)	Less: Carry forward agreed in advance	3			-
27,100	143,329	170,429	Agreed initial budgeted distribution		29,575	140,837	170,412
-	(105)	(105)	In year adjustments	4	-	(435)	(435)
27,100	**143,224**	**170,324**	**Final budgeted distribution**		**29,575**	**140,402**	**169,977**
27,585	-	27,585	Less: actual central expenditure		29,575	-	29,575
-	143,224	143,224	Less: actual ISB deployed to schools		-	150,406	150,406
-	-	-	Plus: LA contribution for year		-	-	-
(485)	**0**	**(485)**	**Carry forward**		**-**	**(10,004)**	**(10,004)**
		(2,407)	Carry forward agreed in advance				-
		(2,892)	**Total carried forward (Note 19)**	5			**(10,004)**

1. The academy recoupment in 2019/20 comprised 80 academies open at the start of the year plus 3 that converted in year and 1 that opened in year. The academy recoupment in 2020/21 comprised 84 academies open at the start of the year plus 2 that converted in year and 1 new that opened in year.
2. This is the brought forward figure from 2019/20.
3. Agreement with School Forum and Cabinet in January 2019, to accelerate funding from 2020/21 DSG to reflect in-year pressure in High Needs Block, now expired.
4. The in-year estimated adjustment for the final early years block funding 2020/21, following the January 2021 census data up-date, due in summer 2021.
5. The total carry forward deficit is £10.004m for the year. Included in the carry forward are surpluses for de-delegated budgets of £0.553m, £0.621 in Early Years Block, £0.619m Schools Block and the High Needs Transformation Programme of £0.812, with offsetting deficits of (£12.609m) in High Needs Block.

17 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21:

Credited to Taxation and Non Specific Grant Income:

	2020/21 £'000	2019/20 £'000
Capital grants and contributions (Note 11 & see below)	41,605	33,664
Non service related government grants (Note 11)	151,656	23,402
Total	**193,261**	**57,066**

Capital grants and contributions

	2020/21 £'000	2019/20 £'000
Government grants applied:		
People	1,955	7,093
Growth & Regeneration	32,805	24,938
Resources	50	-
Housing Revenue Account	481	27
Developer Contributions	5,918	1,606
Total Government Grants & Contributions applied	**41,209**	**33,664**
Government grants unapplied	396	-
Total grants credited to the CIES	**41,605**	**33,664**

Grants Credited to Services

	31 Mar 2021 £'000	Restated 31 Mar 2020 £'000
People		
Adult Education	1,582	2,079
Better Care Fund	14,736	14,487
COVID-19 - Emergency Response Grants (Adult Social Care)	9,358	-
Dedicated Schools Grant	172,870	165,955
Education Services Grant	988	10
Education and Skills Funding Agency Grants	12,840	11,318
COVID-19 - Education and Skills Funding Agency Grants	1,743	-
Independent Living Fund Grant	1,665	1,669
PFI Special Grant	17,652	17,433
Pupil Premium	7,066	7,133
Troubled Families Grant	1,659	1,684
Youth Justice Board Grant	759	747
Other Care Grants (Adults)	3,533	1,830
Other Care Grants (Children)	4,390	3,481
REFCUS	21,653	14,178
Other	1,449	804
Growth & Regeneration		
Discretionary Housing Payments	1,351	1,154
Go Ultra Low Grant	2,307	1,022
Homelessness Reduction & Support Grants	4,226	4,046
Housing Benefit (rent allowances/council tax benefit) subsidy	127,922	136,205
Housing Benefit Administration Subsidy	2,804	2,596
Housing Revenue Grant	-	76
Innovate UK Grant	438	-
Public Health	33,259	31,628
COVID-19 - Public Health Grants	15,810	-
Public Heath – Other	271	317
SWERCOTS	424	402
Travel & Transport Grants	157	232
Air Quality Grant	1,393	1,146
Arts Council England - Museums	2,096	1,898
Better Bus Area Fund	87	172
Bus Service Operators Grant (BSOG)	-	448
Sustainable Travel Access Fund	2,535	2,336
Winter Funding	1,640	2,028
COVID-19 – Business Support Grant	18,662	13,545
REFCUS	9,875	4,294
Other	5,039	4,735
Resources		
COVID-19 – Tax Income Guarantee Grant	1,420	-
COVID-19 – Test & Trace Support Grant	752	-
Non City Council elections	25	615
Brexit	86	307
Local Crisis and Prevention Fund	608	-
Other	477	467
Total	**507,607**	**452,477**

The Revenue Expenditure Funded from Capital Under Statute (REFCUS), the grant funding element, has not been represented correctly in three notes to the accounts, being note 17 - Grants Credited to Services, note 26 - Capital Expenditure and Capital Financing and note 33 - Unusable Reserves Capital Adjustment Account. These notes have now been amended in accordance with the Code of practice on local authority accounting and it should be noted that this amendment does not affect any balances on the primary statements. For further details, please refer to the Prior Period Adjustments note.

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Capital Grants and Contributions Received in Advance		
Government grants	33,337	17,208
Section 106 contributions	44,441	38,133
Total	**77,778**	**55,341**
Due < 1 year	44,447	26,741
Due > 1 year	33,331	28,600
Total	**77,778**	**55,341**
Revenue grants (within creditors)		
People	2,812	-
Growth & Regeneration	3,442	-
Resources	493	31,919
Total	**6,747**	**31,919**

18 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2020/21	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(88,298)	(29,998)				(118,296)
Movement in the market value of Investment Properties	22,945	(379)				22,566
Amortisation of Intangible Assets	(4,137)	(388)				(4,525)
Capital grants and distributions	72,651	481				73,132
Revenue and expenditure funded from capital under statute	(50,164)		3,263			(46,901)
Amount 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	(16,029)	(20,774)				(36,803)
Changes in Fair Value of Financial Instruments (MiRs)	1,669					1,669
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	13,611					13,611
Capital expenditure charged against the General Fund and HRA balances	4,185	408				4,592
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,453	33,197	(40,649)			-
Administrative costs of non-current asset disposals	(163)		163			-
Use of the Capital Receipts Reserve to finance new capital expenditure			35,128			35,128
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,115)		2,115			(0)
Adjustment Involving the Major Repairs Reserve (MRR):						
HRA depreciation credited to MRR		29,332		(29,332)		-
Use of the MRR to finance new capital expenditure				21,642		21,642
Adjustments involving the Capital Grants Unapplied Account:						
Application of grants and contributions to capital financing					(395)	(395)
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177					177
Adjustments involving the Pensions Reserve:						**0**
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 34)	(74,292)	(9,542)				(83,834)
Employer's pensions contributions and direct payments to pensioners payable in the year	43,976	4,740				48,716
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(88,413)					(88,413)
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(6,785)					(6,785)
Other Reserve Movements	(8,557)					(8,557)
Total Adjustment	**(172,285)**	**7,077**	**20**	**(7,690)**	**(395)**	**(173,273)**

2019/20 Restated	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(50,509)	(30,790)				(81,299)
Movement in the market value of Investment Properties	4,131	(387)				3,744
Amortisation and impairment of Intangible Assets	(2,861)	(373)				(3,234)
Capital grants and distributions	52,108	27				52,135
Revenue and expenditure funded from capital under statute	(28,697)		2,809			(25,888)
Amount of non-current assets written off on disposal or sale as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	(38,376)	(8,473)				(46,849)
Changes in Fair Value of Financial Instruments	(17,079)					(17,079)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	10,631		12,515			23,146
Capital expenditure charged against the General Fund and HRA balances	10,271	10,999				21,270
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	46,098	10,359	(56,458)			(1)
Administrative costs of non-current asset disposals	(645)		645			-
Use of the Capital Receipts Reserve to finance new capital expenditure			30,688			30,688
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,113)		2,113			-
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR						-
HRA depreciation credited to MRR		25,668		(25,668)		-
Use of the MRR to finance new capital expenditure				25,668		25,668
Adjustments involving the Capital Grants Unapplied Account:						
Application of grants and contributions to capital financing					1,234	1,234
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	178					178
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 33)	(88,105)	(9,829)				(97,934)
Employer's pensions contributions and direct payments to pensioners payable in the year	45,272	4,859				50,131
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	351					351
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(233)					(233)
Other Reserve Movements						
Total Adjustment	**(59,578)**	**2,060**	**(7,688)**	**0**	**1,234**	**(63,972)**

19 Usable Reserves

Reserves represent the Council's net worth and show its spending power. Usable reserves result from the Council's activities and can be spent in the future. This note sets out the amounts set aside and posted back to Usable Reserves in 2020/21, they include:

- General Fund Strategic Reserve – to cushion the impact of unexpected events or emergencies
- Earmarked Reserves – to provide financing to meet known or predicted future General Fund expenditure plans
- School Balances -amounts required by statute to be set aside for future expenditure in schools
- Dedicated Schools Grant (DSG) - this reserve held the deficit on the Schools Budget to be funded from future DSG income. In accordance with the Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2020 the deficit as at 31 March 2021 has been transferred to a new unusable reserve the Dedicated Schools Grant Adjustment Account. See Note 33 for further details.
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans
- The Business Rates Volatility Reserve, included in Risk Reserves in the table below– includes a balance as at 31 March 2021 of £83m for COVID-19 grants received in 2020/21 to be used in 2021/22. A further £1.5m is held in earmarked reserves for compensation grant for council tax losses. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2020/21 are charged to the General Fund in future years. Due to this timing difference the compensation funding for additional business rates reliefs and council tax shortfalls has been set aside in the reserve to be used to offset the deficits charged to the General Fund in 2021/22 and it does not represent additional resources available to the Council to spend on service provision.

Details of specific earmarked reserves are as follows,

RESERVE	PURPOSE
Capital Investment Reserve	The capital reserve is maintained to provide funding for the Council's capital investments and growth in Enterprise areas.
Business Transformation Reserves	Invest to save funds. The reserve will be used to fund one-off costs attributed to delivery of savings in the currently agreed programme.
Risk Reserves	Risk Reserves Funds set aside to mitigate known risks not otherwise provided for including, volatility in Housing Benefit Subsidy and uninsured risks.
Statutory/Ring-fenced reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, for example Public Health Reserve, City Deal Business Rate Pooling, Stoke Park Dowry Covid 19 Support grant.
Technical/Financing Reserve	Technical Financial Reserves - Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations and resources set aside to match known contract liabilities.
Service specific reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, including: - Bristol Futures - to provide new technology to improve public services - Development Fund primarily to fund Docks Asset Survey existing and proposed regeneration schemes - Housing Support to provide support for homelessness issues

	01 April 2019	Transfers out	Transfers in	31-Mar-20	01 April 2020	Transfers out	Transfers in	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund Strategic Reserve	(23,258)	8,598	(2,341)	**(17,001)**	**(17,001)**	0	(18,665)	**(35,666)**
General Fund Earmarked Reserves								
Capital Investment Reserve	(14,230)	20,964	(31,900)	**(25,166)**	**(25,166)**	1,501	(11,969)	**(35,634)**
Business Transformation Reserve	(4,362)	3,231	(2,000)	**(3,131)**	**(3,131)**	798	(1,000)	**(3,333)**
Risk Management Reserve	(18,609)	14,935	(12,376)	**(16,050)**	**(16,050)**	10,233	(100,176)	**(105,993)**
Statutory/Ring-fenced Reserve	(14,825)	92	(16,521)	**(31,255)**	**(31,255)**	32,350	(50,288)	**(49,192)**
Financing Reserve	(11,735)	3,098	(581)	**(9,218)**	**(9,218)**	3,323	(713)	**(6,608)**
Service Specific Reserves	(17,419)	11,689	(6,840)	**(12,570)**	**(12,570)**	3,978	(11,355)	**(19,947)**
Total	(81,179)	54,008	(70,218)	**(97,390)**	**(97,390)**	52,184	(175,501)	**(220,707)**
School Reserves								
Schools – DSG	(1,962)	4,853	0	**2,892**	**2,892**	(2,892)	0	**0**
Schools - Balances	(8,365)	0	(544)	**(8,910)**	**(8,910)**	1,729	0	**(7,180)**
Schools - Other	(2,166)	882	0	**(1,284)**	**(1,284)**	978	(42)	**(348)**
Total Schools	(12,493)	5,735	(544)	**(7,302)**	**(7,302)**	(184)	(42)	**(7,529)**
HRA								
HRA General Reserve	(78,718)	74	(8,882)	**(87,526)**	**(87,526)**	601	(10,865)	**(97,791)**
Major Repairs Reserve	(3,606)	25,668	(25,668)	**(3,606)**	**(3,606)**	21,642	(29,332)	**(11,296)**
HRA Earmarked Reserves	(7,852)	7,852	0	**0**	**0**	601	(1,251)	**(651)**
Total HRA Reserves	(90,176)	33,594	(34,550)	**(91,132)**	**(91,132)**	22,843	(41,448)	**(109,737)**
Capital Reserves								
Capital Grants Received in Advance	(3,919)	76,846	(75,612)	**(2,685)**	**(2,685)**	107,570	(107,966)	**(3,080)**
Capital Receipts Unapplied	(70,824)	50,658	(58,346)	**(78,512)**	**(78,512)**	45,138	(45,117)	**(78,491)**
Total Usable Capital Reserves	(74,742)	127,505	(133,959)	**(81,196)**	**(81,196)**	152,708	(153,083)	**(81,571)**
TOTAL USABLE RESERVES	(281,848)	229,439	(241,612)	**(294,021)**	**(294,021)**	**227,550**	**(388,739)**	**(455,209)**

20 Property, Plant and Equipment Movements in 2020/21

The valuations, excluding vehicles, plant, equipment, infrastructure assets and community assets are carried out by Richard Fear, MRICS, Property Investment Manager – Growth & Regeneration. The basis for the valuation of all assets is set out in the statement of accounting policies.

- Movement of assets held at historic cost to depreciated replacement cost
- Specialised assets are valued on a depreciated replacement cost basis and are subject to several varying factors such as build costs

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Property, Plant & Equipment**	Infrastructure Assets	**Total Property, Plant & Equipment**	PFI Assets Included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**	£000s	**£000s**	£000s
Cost or Valuation										
At 1 April 2020	**1,685,723**	**656,097**	**81,595**	**7,681**	**11,711**	**42,113**	**2,484,920**	**-**	**2,484,920**	**27,044**
Additions	22,801	14,850	10,762	263	36,514	104	**85,294**	18,435	**103,729**	-
Revaluation Increases / (decreases) recognised in the Revaluation Reserve	62,102	66,323	-	-	(236)	6,796	**134,985**	-	**134,985**	(140)
Revaluation Increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(29,835)	-	-	(40,396)	(868)	**(71,099)**	-	**(71,099)**	-
Derecognition - Disposals	(8,340)	(13,405)	(3,951)	-	-	(4,249)	**(29,945)**	-	**(29,945)**	-
Assets reclassified to / from Held for Sale	-	-	-	-	-	(83)	**(83)**	-	**(83)**	-
Assets reclassified to / from Investment Property	-	(552)	-	-	-	17	**(535)**	-	**(535)**	-
Other movements in cost or valuation	3,614	(21,147)	1,538	(74)	16,069	-	**-**	-	**-**	-
At 31 March 2021	**1,765,900**	**672,331**	**89,944**	**7,870**	**23,662**	**43,830**	**2,603,537**	**-**	**2,603,537**	**26,904**
Accumulated Depreciation and Impairment										
At 1 April 2019	(12,579)	(16,994)	(35,150)	(416)	(4)	(156)	**(65,299)**	-	**(65,299)**	(313)
Depreciation Charge	(28,756)	(18,428)	(7,380)	-	-	(260)	**(54,824)**	(10,874)	**(65,698)**	(635)
Depreciation written out to Revaluation Reserve	26,884	-	-	-	-	-	**26,884**	-	**26,884**	630
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	18,003	-	-	312	257	**18,572**	-	**18,572**	-
Derecognition - Disposals	65	333	3,951	-	-	51	**4,400**	-	**4,400**	-
Other movements in depreciation and Impairment	8	360	-	-	(312)	(16)	**40**	-	**40**	-
At 31 March 2021	**(14,378)**	**(16,726)**	**(38,579)**	**(416)**	**(4)**	**(124)**	**(70,227)**	**-**	**(70,227)**	**(318)**
Balance Sheet at 31 March 2021	**1,751,522**	**655,605**	**51,365**	**7,454**	**23,658**	**43,706**	**2,533,310**	**306,707**	**2,840,017**	**26,586**
Balance Sheet at 1 April 2020	**1,673,144**	**639,103**	**46,445**	**7,265**	**11,707**	**41,957**	**2,419,621**	**299,146**	**2,718,767**	**26,731**

Property, Plant and Equipment Comparative movements in 2019/20

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2019	**1,664,252**	**585,955**	**68,595**	**331,124**	**8,715**	**30,383**	**43,129**	**2,732,153**	**22,975**
Additions	31,925	29,052	20,102	25,312	1,011	6,988	1,832	116,222	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(3,244)	75,178	-	-	652	-	694	73,280	4,528
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(27,216)	-	(208)	(2,062)	(331)	(3,298)	(33,115)	(459)
De-recognition - Disposals	(6,420)	(13,318)	(7,028)	-	-	(17,990)	(2,079)	(46,835)	-
Assets reclassified to/from Held for Sale	-	-	-				(1,800)	(1,800)	-
Assets reclassified to/from Investment Property	270	(152)	-				-	118	-
Other movements in cost or valuation	(1,060)	6,598	(74)	(1,125)	(635)	(7,339)	3,635	-	-
At 31 March 2020	**1,685,723**	**656,097**	**81,595**	**355,103**	**7,681**	**11,711**	**42,113**	**2,840,023**	**27,044**
Accumulated Depreciation and Impairment									
At 1 April 2019	(12,269)	(9,597)	(37,120)	(45,743)	(240)	(7)	(368)	(105,344)	(229)
Depreciation Charge	(25,158)	(16,567)	(5,191)	(10,539)	-	-	(382)	(57,837)	(543)
Depreciation written out to Revaluation Reserve	24,779	-	-	-	-	-	-	24,779	-
Depreciation written out to Surplus/Deficit on the provision of Services	-	8,715	-	-	-	-	1,015	9,730	459
De-recognition - disposals	51	287	7,013	-	-	11	52	7,414	-
Other movements in Depreciation and Impairment	18	168	148	325	(176)	(8)	(473)	2	-
At 31 March 2020	(12,579)	(16,994)	(35,150)	(55,957)	(416)	(4)	(156)	(121,256)	(313)
Balance Sheet at 31 March 2020	**1,673,144**	**639,103**	**46,445**	**299,146**	**7,265**	**11,707**	**41,957**	**2,718,767**	**26,731**
Balance Sheet at 1 April 2019	**1,651,983**	**576,358**	**31,475**	**285,381**	**8,475**	**30,376**	**42,761**	**2,626,809**	**22,746**

The authority has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The following useful lives and depreciation rates have been used:

- Council Dwellings 16–50 years.
- Other Land and Buildings 5–60 years.
- Vehicles, Plant, Furniture and Equipment 3–8 years.
- Infrastructure – 25 years (quay walls and lock gates in City Docks not depreciated as useful life beyond 100 years).

Capital Commitments

On 31 March 2021 the Council had entered several contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £79m (£100.3m in 2019/20).

Significant contractual commitments outstanding at 31 March 2021 were as follows:

		£m
Bristol Beacon - Cultural refurbishment scheme	Willmott Dixon Construction Ltd	9.5
Avonmouth and Severnside Enterprise Area - Flood defences	South Gloucestershire Council	26.0
School rebuild and expansion - Perry Court Primary School	Bristol LEP Ltd (Skanska)	5.8
Bristol Waste (agency agreement) - Hartcliffe site construction	Bristol Waste Company Ltd	5.2
New Housing Provision - Registered Provider grants	Clarion Housing Group Ltd	4.8
School expansion - KnowleDGE Special School 6th form	Bristol LEP Ltd (Skanska)	3.8
Transport Cumberland Road Stabilisation works	Alun Griffiths (Contractors) Ltd	3.6
Priority Stock - Refurbishment at Silcox Rd	Rateavon Ltd	3.4
Energy District Heat Networks - Castle Park Energy Centre	Goram Homes Ltd	3.4
School Expansion - Cathedral Schools Trust Trinity Academy	Bristol LEP Ltd (Skanska)	2.7
Transport Redcliffe Bridge Refurbishment	Cleveland Bridge UK Ltd	2.2
Transport - Floating pontoon walkway	Knights Brown Construction Ltd	1.9
New Housing Provision - Multi-disciplinary services	Perfect Circle JV Ltd	1.7
Temple Island Development - Multi-disciplinary services	Perfect Circle JV Ltd	1.4
Sea Mills Assisted Living Centre Refurbishment	Kier Construction Ltd	1.2
Bristol Beacon - Project Management services	Arcadis Ltd	1.2
Transport Highways Resurfacing (DfT Challenge Bid 2020)	Eurovia Infrastructure Ltd	1.2
	Total	**79.0**

Revaluations
The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. All valuations were carried out internally. 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 Equipment are valued at historic cost, which is considered to be a suitable proxy for fair value.

The following table shows the effective valuation dates for all Property Plant and Equipment:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc.	Infrastructure	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Carried at historical cost	-	4,116	89,944	373,538	7,870	11,768	-	**487,236**
1 Oct 2020	1,765,900	597,452	-	-	-	1,031	43,830	**2,408,213**
1 Oct 2019	-	9,154	-	-	-	1,166	-	**10,320**
1 Dec 2018	-	12,019	-	-	-	300	-	**12,319**
1 Apr 2017	-	9,105	-	-	-	9,348	-	**18,453**
1 Apr 2016	-	40,485	-	-	-	49	-	**40,534**
Total cost valuation	**1,765,900**	**672,331**	**89,944**	**373,538**	**7,870**	**23,662**	**43,830**	**2,977,075**

In addition, the Council has instructed its valuers to undertake a review of all assets held in the Other Land and Buildings category to ensure that the carrying value of assets last valued in previous years is not materially different from their fair value. To perform this exercise, the Other Land and Building category was split into subcategories, for example schools, car parks, leisure and culture etc. The review concluded that the fair value was not materially different from the carrying value at the Balance Sheet date.

21 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council.

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian books	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
01 April 2020	126,625	42,588	7,675	27,168	204,056
Additions	96	0	0	0	96
Revaluations	3,167	6	0	81	3,254
31 March 2021	**129,888**	**42,594**	**7,675**	**27,249**	**207,406**
Cost or valuation					
01 April 2019	125,031	42,593	7,675	26,795	202,094
Additions	335			5	340
Revaluations	1,259	-5	-	368	1,622
31 March 2020	**126,625**	**42,588**	**7,675**	**27,168**	**204,056**

The above collection of Heritage Assets is predominantly valued on an annual insurance valuation basis, and some items classified as "other" are valued at historic cost.

Heritage Assets: Further Information on the Museum's collections

Loans

The Museum occasionally makes available loan items from its collection to regional and national museums and borrows collections for specific exhibitions. Collections not on display are held in secure storage but access is permitted on an appointment basis.

Preservation

The collections have been under the care of conservators since the 1940s. They specialise in antiquities, paintings, paper and photographs, and preventive conservation and are based at Bristol Museum and Art Gallery. Our conservators:

- Prepare artefacts for display.
- Set conservation standards for the refurbishment of permanent exhibitions.
- Prepare artefacts for loan to other institutions.
- Check new acquisitions.
- Assess the condition of objects and work on the installation of temporary exhibitions.
- Work to improve collections storage.
- Maintain permanent displays - this includes training staff and cleaning objects.

22 Investment Properties

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

	2020/21	2019/20
	£'000	£'000
Rental income from Investment Property	11,161	11,998
Direct operating expenses arising from Investment Property	(592)	(524)
Net gain	**10,569**	**11,474**

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop Investment Property or to carry out repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of Investment Properties over the year:

	2020/21	2019/20
	£'000	£'000
Balance at start of the year	252,586	249,251
Additions – purchases	256	-
Disposals	-	(289)
Net gains/losses from fair value adjustments	22,566	3,744
Transfers to/from Property, Plant and Equipment	495	(120)
Balance at end of the year	**275,903**	**252,586**

Gains or losses arising from changes in the fair value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment.

Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy are as follows:

	Other significant observable inputs (Level2)	
	2020/21	2019/20
	£'000	£'000
Retail	67,540	66,834
Industrial	144,779	121,361
Office	63,584	64,391
Balance at end of the year	**275,903**	**252,586**

The investment properties have been valued by the Council's in-house valuers (all RICS qualified) and by external specialists on an investment income basis which represents highest and best use overall.

There is a strong market for such property within Bristol with different markets for different sectors. Bristol City Council has a significant diverse portfolio of properties in the boundary of Bristol and has significant in-house experience of managing its estate. In determining the value of each asset, we have considered quoted prices for similar properties within the local market, existing lease terms and rentals, current market rentals and yields, the covenant strength for existing tenants and data and market knowledge from managing the Council's investment property portfolio, leading to the properties being categorised at Level 2 in the fair value hierarchy.

23 Intangible Assets

The Council accounts for its Information Technology (IT) system software as Intangible Assets which includes purchased licenses covering a period of more than a year. All software is amortised over five years (this is based on assessments of the period that the software is expected to be of use to the Council). All software is carried at cost (used as a proxy for fair value) given the short life of the asset.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £4.5m charged to revenue in 2020/21 was charged to the central ICT cost centre and the Housing Revenue Account. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Cost of Service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The main purchases in 2020/21 relate to system improvements from within the IT Transformation programme (ITTP).

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

	2020/21 £'000	2019/20 £'000
Balance at start of the year		
Gross carrying amounts	33,792	26,172
Accumulated amortisation	-15,820	-12,585
Accumulated impairment	-2,014	-2,014
Net carrying amount at start of year	15,958	11,573
Additions:		
Purchases	9,140	7,620
Amortisation for the period	-4,525	-3,235
Net carrying amount at the end of year	**20,573**	**15,958**
Comprising:		
Gross carrying amounts	42,932	33,792
Accumulated amortisation	-20,345	-15,820
Accumulated impairment	-2,014	-2,014
Balance at end of the year	**20,573**	**15,958**

24 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. The value of debtors and creditors reported in the table are those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and associated notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

	Long-Term		Current	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised cost				
Borrowing	(450,488)	(450,488)	(4,966)	(14,778)
Service Concessions	(123,910)	(131,735)	(8,951)	(8,820)
Creditors	(94)	(84)	(194,467)	(144,019)
Cash and Cash Equivalents	-	-		-
Financial Liabilities at Fair Value through profit and loss				
Financial Derivative			**(20,702)**	(5,379)
Total Financial Liabilities	**(574,492)**	**(582,307)**	**(229,086)**	**(172,996)**
Financial Assets at amortised cost				
Investments	-	1	105,781	102,502
Debtors	11,332	10,487	92,809	70,039
Financial Assets at Fair Value through Other Comprehensive Income				
Investment	350	350		-
Financial Assets at Fair Value through profit and loss				
Investments	43,220	41,723	101,476	56,017
Total Financial Assets	**54,902**	**52,561**	**300,066**	**228,558**

Movements

The increase in financial liabilities, circa £27m relates to an increase in the value of general creditors (£50m) during the year primarily due to government grants being received in advance. This was partly offset by the planned repayment of long-term borrowing (£10m) and service concessions (£8m), and the cancelling of parental company guarantees (£5m).

The financial assets increased by circa £73m through a combination of increases in working capital and reserves resulting in additional cash resources to invest in lieu of using these resources.

Borrowing

Current borrowing	31 March 2021 £'000	31 March 2020 £'000
Deposit loans (repayable at notice - up to 7 days)	101	151
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,251	13,470
- Banks and other monetary sector	1,334	1,136
- Energy improvement Loans	259	-
- Local bonds and property rent disposals	11	11
- Stocks	10	10
Total	**4,966**	**14,778**

Non-current borrowing	31 March 2021 £'000	31 March 2020 £'000
Public Works Loan Board	330,439	330,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
Total	**450,488**	**450,488**

Income, Expense, Gains or Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

Financial Instruments Gains and Losses 2020/21

	Financial Liabilities	Financial Assets			
	Measured at amortised cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(28,862)	-	-	-	(28,862)
Total expense in Surplus or Deficit on the Provision of Services	**(28,862)**	**-**	**-**	**-**	**(28,862)**
Interest Income	-	5,113	-	109	5,222
Fair Value Movement	-	-	-	1,669	1,669
Dividend Income	-	-	-	4,046	4,046
Total income in Surplus or Surplus / Deficit on the Provision of Services	**(28,862)**	**5,113**	**-**	**5,824**	**(17,925)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**
Net gain/(loss) for the year	**(28,862)**	**5,113**	**-**	**5,824**	**(17,925)**

Financial Instruments Gains and Losses 2019/20

	Financial Liabilities	Financial Assets			
	Measured at amortised cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£000s	£000s	£000s	£000s	£000s
Interest expense	(40,647)	-	-	-	(40,647)
Total expense in Surplus or Deficit on the Provision of Services	**(40,647)**	**-**	**-**	**-**	**(40,647)**
Interest Income	-	5,861	-	301	6,162
Increases in Fair Value	-	-	-	(17,079)	(17,079)
Dividend Income	-	-	-	4,070	4,070
Total income in Surplus or Deficit on the Provision of Services	**(40,647)**	**5,861**	**-**	**(12,708)**	**(47,494)**
Surplus / Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**
Net gain/(loss) for the year	**(40,647)**	**5,861**	**-**	**(12,708)**	**(47,494)**

Fair Value of Financial Assets and Property Assets

Some of the authority's financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Descriptions	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements						
Fair Value through Profit and Loss						
Money Market Funds	101,476	-	-	56,017	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	29,000	-	-	27,000
Bristol Holdings (unquoted equity investment)	-	-	4,992	-	-	5,623
Other unquoted private companies	-	-	128	-	-	100
Pooled property fund	-	-	9,100	-	-	9,000
Fair Value through Other Comprehensive Income						
Other unquoted private companies	-	-	350	-	-	350
Total Non-traded securities:	**101,476**	**-**	**43,570**	**56,017**	**-**	**42,073**
Investment properties	**-**	**275,903**	**-**	**-**	**252,586**	**-**
Surplus properties	**-**	**43,706**	**-**	**-**	**41,957**	**-**
Total recurring fair value measurements	**101,476**	**319,609**	**43,570**	**56,017**	**294,543**	**42,073**
Non-recurring fair value measurements						
Assets held for sale		806		-	723	-
Total non-recurring fair value measurements	**-**	**806**	**-**	**-**	723	**-**

Valuation techniques and Inputs **Description of asset**	**Valuation hierarchy**	**Basis of Valuation**	**Observable and Unobservable inputs**	**Key sensitivities affecting the valuations provided**
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been considered together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in note 22)	Level 2	All investment properties have been valued by the Council's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.
Bristol Port Company	Level 3	This investment has been valued by an external specialist valuation company for financial year ending 31st March 2020 and refreshed by Council officers for this financial year on the same basis.	Calculations have been based an income approach to valuation, by applying a multiple derived from the market to a maintainable profit figure.	Changes to market conditions (local and global), and the comparable data used within the valuations. If the growth of future returns is greater or lesser by 0.5% than the 2% forecast, the fair value will be circa £1.5m higher or lower respectively.
Bristol Holdings	Level 3	This investment has been valued at the Council's share of each company's net assets.	Calculations have been based on their unaudited accounts as at 31 March 2021.	Valuations could be affected by the difference between audited and unaudited accounts.

Investments in other unquoted companies	Level 3	These investments have been valued at the Council’s share of each company.	Calculations have been based on their latest audited accounts	The value of these companies is relatively low (£478k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Council's share within the pooled fund.	The valuation for Pooled Property Funds has been based on the latest quarterly financial report	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £91k higher or lower respectively.

Transfers between levels of the fair value hierarchy

There were no transfers between levels 1 and 2 during the year.

Changes in valuation technique

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

Reconciliation of fair value measurements for assets at fair value within level 3

Description	31 March 2021 Non-traded securities £000	31 March 2020 Non-traded securities £000
Opening balance	42,073	**51,860**
Transfers into level 3	-	-
Transfers out of level 3	-	-
included in the surplus/(deficit) on the Provision of Services	1,597	(17,079)
included in Other Comprehensive Income and Expenditure	-	-
Total gains/(losses) for the period:	**1,597**	**(17,079)**
Additions	100	7,842
Disposals	(200)	(550)
Closing balance	**43,570**	**42,073**

Gains and losses included in the surplus / (deficit) on the provision of services for the current year primarily relates to the investments in Bristol Port (+£2m) and Bristol Holdings (-£631k).

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	**31 March 2021**		31 March 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Cash & Cash Equivalents	**20,702**	**20,702**	**-**	**-**
Public Works Loan Board (PWLB)	**333,690**	**501,500**	**343,909**	**480,200**
Lender Option Borrower Option	**70,865**	**108,400**	**70,663**	**99,400**
Market Debt	**50,469**	**74,700**	**50,473**	**69,200**
Current Creditors	**194,467**	**194,467**	**144,019**	**144,019**
Service Concessions	**132,861**	**204,061**	**140,555**	**212,819**
Other	**524**	**524**	**305**	**305**
Total Liabilities	**803,578**	**1,104,354**	**749,924**	**1,005,943**

The Authority has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £1.237bn a increase of £156m which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value for financial liabilities and assets has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above; the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	**31 March 2021**		31 March 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Current investments	64,983	64,983	33,076	33,076
Cash and Cash Equivalents	40,798	40,798	69,426	69,426
Non-current investments	-	-	1	1
Current Debtors	92,809	92,809	70,039	70,039
Non-current debtors	11,332	11,332	10,487	10,487
Total Financial Assets	**209,922**	**209,922**	**183,029**	**183,029**

The fair value of the assets is the same as the carrying value due to the majority of these assets having a maturity of less than 12 months or is a trade or other receivable where the fair value is taken to be the carrying amount or the billed amount.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
Descriptions	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements using:						
Financial Liabilities held at Amortised Cost						
Cash & Cash Equivalent		20,702			-	
Public Works Loan Board (PWLB)		333,690			343,909	
Lender Option Borrower Options		70,865			70,663	
Market debt		50,469			50,473	
Service Concessions		132,861			140,555	
Other		524			305	
Total		**609,111**			**605,905**	
Financial Assets held at amortised cost						
Current Investments		64,983			33,076	
Cash and Cash Equivalents		40,798			69,426	
Non-current Investments		-			1	
Non-current Debtors		11,332			10,487	
Total		**117,113**			**112,990**	

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

25 Nature and Extent of Risks Arising from Financial Instruments

The Authority'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 Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates and money 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, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. 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. These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 25 February 2020 and is available on the Council website.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and 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 irrecoverability applies to all the Authority's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

Allowance for Credit Losses

The following analysis summarises the Council's potential maximum exposure to credit risk on financial assets valued at amortised cost, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
Non-Current Investments:	**31-Mar-21**	**31-Mar-21**	**31-Mar-21**	**31-Mar-21**	**31-Mar-20**
Non-traded securities	-	0.00%	0.00%	-	-
Sub-total	**-**			-	-
Current Investments:					
Local Authorities	65,715	0.00%	0.00%	-	-
AA rated counterparties	15,585	0.03%	0.03%	5	-
A rated counterparties	24,481	0.04%	0.04%	10	18
Sub-total	**105,781**			**15**	**18**
Trade debtors	**92,809**			-	-
Non-current debtors	**11,332**			-	-
Total Financial assets	**209,922**			**15**	**18**

The estimated maximum exposure for credit loss for Treasury investments is 15k and therefore no allowance for credit loss have been made for these assets due to materiality.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its trade debtors, including amounts due from government departments and other Local Authorities.

The risk of loss for trade receivables is minimised by a combination of the following:

- Wherever possible obtaining payment in advance of service delivery
- Availability and encouragement to pay by direct debit
- A wide range of payment options available, including by telephone, internet, banks and retail networks (via the Allpay solution i.e. Payzone, Paypoint and Post Offices)
- Having a standardised recovery process including reminder letters and statement of accounts
- Utilising a corporate Debt Management Team to take an ethical debt approach to all types of debt with referral to External Debt Collection agencies or instigating Court claims only used as a last resort
- Negotiating flexible repayment plans for overdue debt where necessary

The write off of a debt is always the last option available and is only taken when all other appropriate measures have been taken to recover payment, and in cases of bankruptcy.

The bad debt provision is calculated by reference to the Council's historic experience with the provision being applied to debts over 60 days old and the value increasing according to the age of the debt.

Debtor analysis	**Gross debtor at**	**Allowance for credit losses at**	**Net debtor at**	**Net debtor at**
	31-Mar-21	**31-Mar-21**	**31-Mar-21**	**31-Mar-20**
	£'000	**£'000**	**£'000**	**£'000**
Local taxpayers	35,192	(19,626)	**15,566**	**6,099**
Housing rents	13,123	(10,091)	**3,032**	**2,880**
Other - sundry debtors	146,708	(32,670)	**114,038**	**83,872**
Total Other Entities and Individuals	**195,023**	**(62,387)**	**132,636**	**92,851**
Central Government bodies	10,561	-	**10,561**	**11,047**
Other local authorities	1,571	-	**1,571**	**1,636**
NHS bodies	160	-	**160**	**749**
Total debtors	**207,315**	**(62,387)**	**144,928**	**106,283**
Balance sheet debtors	**207,315**	**(62,387)**	**144,928**	**106,283**
Current debtors not qualifying as a financial instrument under IFRS	(71,745)	19,626	**(52,119)**	**(36,244)**
Current debtors qualifying as a financial instrument under IFRS	**135,570**	**(42,761)**	**92,809**	**70,039**

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2021	**31 March 2020**
	£'000	**£'000**
Less than three months	29,971	30,438
Three to four months	1,754	1,521
Four months to one year	15,276	9,474
More than one year	46,848	38,863
Total	**93,849**	**80,296**

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 to cover day-to-day cash flow need and the Public Works Loan Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than 1 year	300,066	228,558
Between 1 and 2 years	1,699	1,582
Between 2 and 3 years	1,724	1,191
More than 3 years	51,479	49,788
Total	**354,968**	**281,119**

The maturity analysis of financial liabilities is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than 1 year	229,086	167,616
Between 1 and 2 years	13,853	8,651
Between 2 and 3 years	9,146	13,553
More than 3 years	551,493	560,103
Total	803,577	749,923

Refinancing and Maturity risk
The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Council's debt portfolio along with the Council's approved minimum and maximum exposure is shown in the table below.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2021 £'000	%	Actual 31 March 2020 £'000	%
Less than 1 year	-	30	4,966	1%	14,778	3%
Between 1 and 2 years	-	40	5,000	1%	-	-%
Between 2 and 5 years	-	40	20,000	4%	10,000	2%
Between 5 and 10 years	-	50	34,000	7%	49,000	11%
More Than 10 Years	25	100	391,488	87%	391,488	84%
Total			**455,454**	**100%**	**465,266**	**100%**

Included within the maturity profile are £70m of LOBOS with maturities averaging 40 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

Market risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed. At 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2021 £'000
Increase in interest receivable on variable rate investments	1,966
Impact on Surplus or Deficit on the Provision of Services	1,966
Share of overall impact debited to the HRA	1,193
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	264,600

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Council does not generally invest in equity shares but has recently invested in Bristol Holdings, a wholly owned subsidiary. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the prices of these shares. As the shareholding has arisen in the acquisition of specific interests, the Council is not able to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company so that the Council can monitor factors that might cause a fall in the value of specific holdings.These shares are valued at fair value.

Foreign exchange risk

During 2020/21 the Council received monies denominated in Euro's relating to the receipt of European grant. The authority also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

26 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), 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. Movements on the CFR are also analysed below.

	2020/21 £'000	**Restated 2019/20 £'000**
Opening Capital Financing Requirement	869,923	847,021
Capital investment		
Property, Plant and Equipment	107,527	126,927
Investment Properties	256	-
Heritage Assets	95	340
Intangible Assets	9,140	7,620
Long Term Investments / Debtors	1,660	17,592
Revenue Expenditure Funded from Capital under Statute	50,164	28,697
Capital Receipts set aside for repayment of debt	(1,386)	(13,839)
Sources of finance		
Capital receipts	(38,391)	(33,496)
Government grants and other contributions	(72,737)	(53,370)
Sums set aside from revenue:		
• Direct revenue contributions	(4,592)	(21,270)
• Use of Major Repairs Reserve	(21,642)	(25,668)
• MRP – City Council Debt	(13,611)	(10,631)
Closing Capital Financing Requirement	886,406	869,923
Explanation of movements in year		
Less Minimum Revenue Provision	(13,611)	(10,631)
Use of capital receipt for repayment of debt	(1,386)	(13,839)
Increase in underlying need to borrowing (unsupported by government financial assistance)	31,480	47,372
Increase in Capital Financing Requirement	**16,483**	**22,902**

27 Leases

Council as Lessor

Operating Leases

The Council leases out property within the commercial trading estate 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 future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2021 £'000	31 March 2020 £'000
Not later than one year	13,821	13,708
Later than one year and not later than five years	48,837	49,370
Later than five years	851,243	850,558
	913,901	**913,636**

The minimum lease payments receivable at 31 March 2021 and 2020 are based on the current rents receivable at the respective Balance Sheet dates. They do not include estimates of future rents reviews or contingent rents.

28 Service Concessions

Schools PFI Phase 1A

On 31st March 2004 the Council entered into a Private Finance Initiative (PFI) contract with Bristol Schools Limited. The contract provided for the design, construction and financing of four new secondary schools, Bedminster Down, Henbury School, Orchard School and Oasis Academy Brightstowe. All four schools were constructed and are operational. Bristol Schools Limited will maintain and operate the facilities for twenty-six years from the date the first school became operational.

A capital contribution of £5.346m was made to the first phase of the project by way of a cash payment. This was in respect of the provision of leisure facilities and of the retention of part of the site of Henbury School by the Council, for subsequent disposal.

As at 31st March 2021 cumulative payments totalling £151m (£141m in 2019/20) have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2021/22	3,225	2,149	4,119	251	9,744
2022/23 to 2025/26	13,726	10,720	13,714	855	39,015
2026/27 to 2030/31	19,179	20,275	8,706	(354)	47,806
2031/32	1,557	1,879	221	413	4,070
Total	**37,687**	**35,023**	**26,760**	**1,165**	**100,635**

Over the life of the PFI project, the Council is scheduled to receive government grant of £134.8m.

Schools PFI Phase 1B and 1C, Building Schools for the Future

During 2006/07 the Council entered into a PFI contract with Bristol PFI Limited to design, build, finance and operate four additional schools in Bristol. A Local Education Partnership (LEP) was also created to manage the supply chain and deliver the four schools. The partnership is between Skanska Education Partnerships (80%), Partnership for Schools (10%) and Bristol City Council (10%). The schools are Brislington Enterprise College, Bristol Brunel Academy, Bristol Metropolitan Academy and Bridge Learning Campus. Bristol PFI Limited will maintain and operate the facilities for twenty-seven years from the date the first school became operational.

A capital contribution of £9.569m was made to the project by way of a cash payment. This was used towards the cost of the Bridge Learning Campus and provision of leisure facilities at Bristol Brunel Academy.

As at 31st March 2021 cumulative payments totalling £215m (£197m in 2019/20) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2021/22	5,512	4,008	5,675	4,031	19,226
2022/23 to 2025/26	23,689	16,338	19,611	19,229	78,867
2026/27 to 2030/31	33,690	27,210	16,705	25,481	103,086
2031/32 to 2034/35	25,689	26,134	4,590	16,585	72,998
Total	**88,580**	**73,690**	**46,581**	**65,326**	**274,177**

Over the life of the PFI project, the Council is scheduled to receive government grant of £326.3m.

Hengrove Leisure Centre

In April 2010 the Council entered into a PFI contract with Bristol Active Limited to design, build, finance and operate a new leisure centre, and associated car park, in Hengrove. The centre opened in February 2012 and Bristol Active Limited will operate and maintain the facility until 2037.

The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

A capital contribution of £7.161m was made to the project by way of a cash payment. This was used to fund the capital works for the Car Park and as a contribution towards the capital works of the Leisure Centre.

As at 31 March 2021 payments totalling £32m (£27m at 31 March 2020) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2021/22	357	646	1,325	1,212	3,540
2022/23 to 2025/26	1,519	1,908	4,729	6,191	14,347
2026/27 to 2030/31	2,082	3,954	4,531	7,822	18,389
2031/32 to 2035/36	2,197	5,036	2,317	9,407	18,957
2036/37	605	1,216	126	1,646	3,593
Total	**6,760**	**12,760**	**13,028**	**26,278**	**58,826**

Over the life of the PFI project, the Council is scheduled to receive government grant of £69.6m.

Property, Plant and Equipment

The PFI assets, and related liabilities, have been recognised on the Council's balance sheet when made available for use. Movements in their value over the year are detailed in the analysis of the movements on the Property, Plant and Equipment balance in Note 20. The assets will be transferred back to the Council at the end of the contracts for nil consideration.

Locally managed schools transferring to Academy status are granted a 125 year peppercorn lease and, in response to CIPFA guidance, are de-recognised from the Council's accounts as control of these assets is transferred to the Academy.

Payments are made to the PFI contractors as monthly "unitary payments". The estimated payments the Council will make under the contracts are shown below.

These payments are commitments and can vary subject to indexation, reductions for performance and availability failures, and possible future variations to the scheme.

The funding of the unitary payment for the School PFI schemes will come from the individual schools budget, the overall schools budget and a special government grant. The Hengrove Leisure unitary payment will be funded by the special government grant, with the balance provided from Sports Services budgets. PFI payments are accounted for in the year in which the service was provided and are allocated to repayment of the liability, finance cost, service charge and other costs (lifecycle cost and contingent rents).

The unitary payments have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and the interest payable on financing the capital expenditure. The Hengrove Leisure PFI contains a significant amount of third party income, this is income received directly by the PFI Contractor from the users of the facility. The payment for services has been shown net of this estimated income, as the unitary payments have been reduced to reflect the operator's right to this income. The outstanding liability due to the contractor for reimbursement of capital expenditure is as follows:

	Schools		Hengrove Leisure	
	2020/21	2019/20	**2020/21**	2019/20
	£'000	£'000	**£'000**	£'000
Balance outstanding at the start of year	114,775	120,098	13,469	14,284
Movement in year	(6,063)	(5,323)	(708)	(815)
Balance outstanding at year end	**108,712**	**114,775**	**12,761**	**13,469**

The above listed commitments are affected by past inflation – previous price rises will be built into future payments. They are also affected by future inflation, which gives rise to uncertainty.

Bristol Waste Contract

In August 2015 the Council entered into a service contract with Bristol Waste Company to provide recycling and waste services. The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

During the year Bristol Waste acquired £1.1m of assets to support the provision of waste services, funded from a loan from the Council.

The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Total £'000
2021/22	30,147	2,148	288	32,583
2022/23 to 2025/26	130,796	7,366	595	138,757
2026/27	10,128	1,874	11	12,013
Total	**171,071**	**11,388**	**894**	**183,353**

Total Balance Outstanding on all Service Concessions is shown in the table below:

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2020/21 £'000	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000
Balance outstanding at the start of year	114,775	120,098	13,469	**14,284**	12,311	1,046	140,555	135,428
Movement in year	(6,063)	(5,323)	(708)	(815)	(923)	11,265	(7,694)	5,127
Balance outstanding at year end	**108,712**	**114,775**	**12,761**	13,469	**11,388**	**12,311**	**132,861**	**140,555**

29 Debtors

		31 March 2021 £'000	31 March 2020 £'000
i	**Current debtors**		
	Trade receivables	21,451	9,611
	Prepayments	3,948	3,475
	VAT	9,632	8,931
	Other	109,897	84,266
	Total	**144,928**	**106,283**

Impairments for doubtful debts are detailed in Note 24.

		31 March 2021 £'000	31 March 2020 £'000
ii	**Long-term debtors**		
	Mortgages	190	194
	Capital loans (Probation/Fire/LEP/Bristol Waste)	10,865	9,996
	South Gloucestershire Council	354	381
	Former county Council debt	37,689	39,260
	Total	**49,098**	**49,831**

30 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2021 £'000	31 March 2020 £'000
Cash held by the Council	271	275
Bank current accounts	(20,702)	8,165
Short-term deposits with banks / building societies	142,003	60,986
Total Cash and Cash Equivalents	**121,572**	**69,426**

31 Creditors

Current liabilities	31 March 2021 £'000	31 March 2020 £'000
Trade payables	12,038	2,029
Other payables	142,329	119,400
Receipts in advance	61,006	46,018
Total	**215,373**	**167,447**

Other long-term liabilities	31 March 2021 £'000	31 March 2020 £'000
Service Concession contract liabilities (see Note 28)	123,910	131,735
Retirement benefit obligations (see Note 34)	1,127,918	993,905
Deferred liabilities	39,259	40,895
Deferred capital receipts	0	3
Rent Deposits	94	84
Total	**1,291,181**	**1,166,622**

Deferred liabilities are amounts which, by arrangement, are payable beyond the next year, at some point in the future or are to be paid off by an annual sum over a period. As at the 31 March 2021 the liability in the Council's Balance Sheet of £39.3m (2020: £40.9m) comprised of former county Council loan debt.

Deferred capital receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on the sale of Council houses, which form part of mortgages under long term debtors.

32 Provisions

	Balance at 31 March 2020	Additional provisions made in 2020/21	Amounts used in 2020/21	Balance at 31 March 2021	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation	(121)		12	(109)	(109)	-
Insurance fund	(1,785)	(298)	475	(1,608)	(1,152)	(456)
NDR Provision for appeals	(27,454)	(10,430)	12,363	(25,521)	-	(25,521)
Legal	(498)	-	-	(498)	(498)	-
Winding up of Bristol Energy Ltd	-	(3,891)	-	(3,891)	(3,891)	-
Other	(296)	(135)	20	(411)	(111)	(300)
	(30,154)	(14,754)	12,870	(32,038)	(5,761)	(26,277)

	Balance at 31 March 2020	Balance at 31 March 2021
Due < 1 year	(1,898)	(5,761)
Due > 1 year	(28,257)	(26,277)
	(30,154)	(32,038)

Details of the provisions are shown in the table below:

Provision	Purpose
Business Transformation	Covers future exit costs arising from services management of change processes
Insurance fund	To meet the known and anticipated liabilities on claims under the Council's insurance arrangements.
NDR Provision for appeals	Covers the cost of future appeals
Legal	Created to cover the costs of various outstanding legal cases within Adult Social Care
Winding up of Bristol Energy Ltd	Covers costs of winding up Bristol Energy Ltd
Other	Other provisions are individually not material

33 Unusable Reserves

	31 March 2021 £'000	31 March 2020 £'000
Revaluation Reserve	(1,001,394)	(861,614)
Capital Adjustment Account	(1,510,991)	(1,520,227)
Financial Instruments Adjustment Account	6,898	7,076
Deferred Capital Receipt Reserve	(1,448)	-
Pensions Reserve	1,141,369	993,905
Collection Fund Adjustment Account – Council tax	4,539	1,446
Collection Fund Adjustment Account – NNDR	80,159	667
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	3,237	(2,590)
Accumulated Absences Account	13,388	6,604
Dedicated Schools Grant Adjustment Account	10,004	-
	(1,254,239)	(1,374,733)

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

	2020/21 £'000	2020/21 £'000	2019/20 £'000	2019/20 £'000
Balance at 1 April		(861,614)		(788,594)
Upward revaluation of assets	(204,844)		(112,014)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	39,720		12,332	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(165,124)		(99,682)
Amount written off to the Capital Adjustment Account		25,344		26,662
Balance at 31 March		**(1,001,394)**		**(861,614)**

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 as depreciation, impairment losses and amortisation are 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 26 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £'000	Restated 2019/20 £'000
Balance at 1 April	(1,520,227)	(1,510,028)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	65,697	57,837
Revaluation losses on Property, Plant and Equipment	52,527	28,820
Amortisation of Intangible Assets	4,525	3,235
Movement in the fair value of financial Instruments	(1,597)	11,722
Revenue Expenditure Funded from Capital Under Statute	50,165	28,697
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	36,802	46,849
	(1,312,108)	(1,332,868)
Adjusting amounts written out of the Revaluation Reserve	(25,344)	(26,662)
Net written out amount of the cost of non-current assets consumed in the year	(1,337,452)	(1,359,530)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(38,391)	(33,496)
Use of the Major Repairs Reserve to finance new capital expenditure	(21,642)	(25,668)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(72,737)	(53,370)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(13,611)	(10,631)
Use of the Capital Receipts Reserve for repayment of Long-Term Investments financed by borrowing	(1,386)	(13,839)
Long Term Capital Investment repaid	1,386	1,321
Capital expenditure charged against the General Fund and HRA balances	(4,592)	(21,270)
	(1,488,425)	(1,516,483)
Movements in the market value of Investments debited or credited to the Comprehensive Income and Expenditure Statement	(22,566)	(3,744)
Balance at 31 March	**(1,510,991)**	**(1,520,227)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2020 will be charged to the General Fund over the next 40 years.

	2020/21	2020/21	2019/20	2019/20
	£'000	£'000	£'000	£'000
Balance at 1 April		7,076		7,254
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(178)		(178)	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(178)		(178)
Balance at 31 March		**6,898**		**7,076**

Deferred Capital Receipts Reserve

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

	2020/21	2019/20
	£'000	£'000
Balance at 1 April	-	-
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the comprehensive income and expenditure statement	(1,448)	
Transfer to the capital receipts reserve upon receipt of cash	-	
Balance at 31 March	**(1,448)**	**-**

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 the pension fund or eventually pays 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.

	2020/21 £'000	2019/20 £'000
Balance at 1 April	993,905	991,850
Remeasurements on pensions assets and liabilities	112,346	(45,748)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	83,834	97,934
Employer's pensions contributions and direct payments to pensioners payable in year	(48,716)	(50,131)
Balance at 31 March	**1,141,369**	**993,905**

Collection Fund Adjustment Account

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

	2020/21 £'000	2019/20 £'000
Balance at 1 April	(477)	(126)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	88,412	(351)
Balance at 31 March	**87,935**	**(477)**

Accumulated Absences Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance be neutralised by transfers to or from the account.

	2020/21 £'000	2020/21 £'000	2019/20 £'000	2019/20 £'000
Balance at 1 April		**6,604**		**6,370**
Settlement or cancellation of accrual made at the end of the preceding year	(6,604)		(6,370)	
Amounts accrued at the end of the current year	13,388		6,604	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		6,784		234
Balance at 31 March		**13,388**		**6,604**

Dedicated Schools Grant Adjustment Account

Regulations effective from 1 April 2020 require that a Schools Budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the Secretary of State for Education to fund the deficit from the General Fund. They also require that where a local authority has a deficit on its Schools Budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account, but instead record any such deficit in a separate account. The Dedicated Schools Grant Adjustment Account has been created for that purpose and the in-year deficit for 2020/21 and cumulative deficit brought forward as at 1 April 2020 have been transferred into that account. Prior to 2020/21 this was treated as a useable reserve. Further details on the deployment of DSG are provided in Note 16.

	2020/21	2019/20
	£'000	£'000
Balance at 1 April	-	-
Transfer of the opening Dedicated Schools Grant deficit from earmarked revenue reserves	2,892	-
Reversal of the Dedicated Schools Grant within the surplus deficit on the provision of services in the Comprehensive Income and Expenditure Account	7,112	
Balance at 31 March	**10,004**	**-**

34 Pensions

Participation in Pension Schemes

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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

The Local Government Pension Scheme (LGPS) - all staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and pensionable salary. The LGPS is a funded defined benefit pension arrangement for local authorities and is governed by statute principally now the Local Government Pension Scheme Regulations 2013.

The Teachers' Pension Scheme - Teachers employed by the Council are members of the Teachers' Pension Scheme, administered on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is a multi-employer defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

The rate of contribution for 2020/21 was 23.68% resulting in a total payment of £10.309m (£8.645m in 2019/20) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.506m (£2.474m in 2019/20) in respect of pensions and added years where the early retirement of teachers was agreed. The Council also met its share of the residual liability for former Avon County Council employees, amounting to £1.690m (£1.769m in 2019/20). The estimated liability for unfunded payments has been calculated by the actuary and is included in the Balance Sheet.

The National Health Service Pension Scheme – In 2020/21 a total payment of £0.35m (£0.40m in 2019/20) was made to the NHS Pension Scheme, following the transfer of public health responsibilities from primary care trusts.

Accounting Transactions relating to retirement benefits

The Council recognises 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 required to be made against Council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2020/21 £'000	2019/20 £'000	**2020/21 £'000**	2019/20 £'000
Income and Expenditure Account				
Net cost of services				
Current service cost	**64,432**	63,986		
Past service gains/curtailment costs/Settlements	**(4,332)**	9,812		
Administration expense	**1,211**	1,107		
Financing and Investment Income Expenditure				
Net interest cost	**21,068**	21,429	**1,455**	1,600
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**82,379**	96,334	**1,455**	1,600
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurements (assets/liabilities)	**107,833**	(42,309)	**4,513**	(3,439)
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19	**(82,379)**	(96,334)	**(1,455)**	(1,600)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	**44,519**	45,888	**4,197**	4,243

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2020/21 to reflect the current service cost and an appropriate share of the net interest cost. The latter item has been apportioned to the HRA on the basis of pensionable pay.

Assets and Liabilities in relation to Retirement Benefits

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Teachers' Unfunded Pensions		Total Liability: Local Government & Teachers Pensions	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
01-Apr	(2,514,914)	(2,589,755)	(33,688)	(41,548)	(62,721)	(68,803)	(2,611,323)	(2,700,106)
Current service cost	(64,432)	(63,986)					(64,432)	(63,986)
Interest on pension liabilities	(59,629)	(61,497)	(776)	(964)	(1,455)	(1,600)	(61,860)	(64,061)
Contributions by scheme participants	(13,196)	(12,074)					(13,196)	(12,074)
Remeasurement (liabilities)								
Experience gain/(loss)	54,877	(13,648)	786	4,374	998	(858)	56,661	(10,132)
Gain/(loss) on financial assumptions	(404,302)	59,862	(3,408)	434	(5,511)	1,402	(413,221)	61,698
Gain/(loss) on demographic assumptions	0	109,158	0	1,232	0	2,895	0	113,285
Benefits paid	69,098	66,838	2,730	2,784	4,197	4,243	76,025	73,865
Past service grants, curtailment costs and settlements	7,211	(9,812)					7,211	(9,812)
31-Mar	**(2,925,287)**	**(2,514,914)**	**(34,356)**	**(33,688)**	**(64,492)**	**(62,721)**	(3,024,135)	(2,611,323)

Reconciliation of fair value of the Local Government Pension Scheme assets:

	2020/21 £'000	2019/20 £'000
01-Apr	1,617,523	1,722,618
Interest on plan assets	39,337	41,032
Remeasurement (assets)	244,214	(119,103)
Administration expense	(1,211)	(1,107)
Settlements	(2,879)	0
Employer contributions	57,970	31,631
Contributions by scheme participants	13,196	12,074
Benefits paid	(71,828)	(69,622)
31-Mar	1,896,322	1,617,523

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

The actual return on plan assets in the year was £283,551m (2019/20 £108,641m).

Scheme History – Pension Assets and Liabilities Recognised in the Balance Sheet:

	2020/21 £'000	2019/20 £'000	2018/19 £'000
Present value of liabilities:			
Local Government Pension Scheme	(2,959,643)	(2,548,602)	(2,631,303)
Teachers' unfunded liabilities	(64,492)	(62,721)	(68,803)
Fair value of assets in the Local Government Pension Scheme	1,896,322	1,617,523	1,722,618
Surplus/(deficit) in the scheme:			
Local Government Pension Scheme	(1,063,321)	(931,079)	(908,685)
Teachers' unfunded liabilities	(64,492)	(62,721)	(68,803)
Total	(1,127,813)	(993,800)	(977,488)

The total liabilities shown in the Balance Sheet comprise the above (£1,127,813m) together with a small amount in respect of pre-1974 liabilities (£0.105m) totalling (£1,127,918m).

Basis for Estimating Assets and Liabilities

Liabilities have been assessed using the projected unit credit actuarial cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council's Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The Fund liabilities at 31 March 2021 are based on roll-forward of last triennial valuation to 31 March 2019. The roll-forward process is by its nature a less accurate calculation method than the full asset and liability allocation exercise performed at each triennial actuarial valuation. The methodology used in the intervening years is the generally accepted methodology for valuing pension liabilities in the years between full valuations and is in accordance with IAS 19

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2020/21	2019/20	**2020/21**	2019/20
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	23.3	23.2	23.3	23.2
Women	25.4	25.3	25.4	25.3
Longevity at 75 for current pensioners:				
Men			14.4	14.3
Women			16.2	16.1
Longevity at 65 for future pensioners:				
Men	24.8	24.7	-	-
Women	27.4	27.3	-	-
	%	%	%	%
Rate for discounting scheme liabilities	2.1	2.4	2.1	2.4
Rate of inflation - CPI	2.7	2.1	2.7	2.1
Rate of increase in salaries	4.2	3.6	-	-
Rate of increase in pensions	2.8	2.2	2.8	2.2

The estimated Macaulay duration of liabilities (at later of 31 March 2019 or admission date) is 16 years retired.

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, while 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 actuary has provided a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period. The table below shows how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the 31 March 2021.

Impact on the Defined Benefit Obligation in the Scheme (LGPS)	**2020/21**	**2019/20**
	£'000	**£'000**
Longevity (increase or decrease by 1 year)	93,692	71,999
Rate of inflation (increase or decrease by 0.1%)	51,775	44,429
Rate of increase in salaries (increase or decrease by 0.1%)	4,865	4,726
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(49,860)	(42,780)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	**2020/21**	**2019/20**
	£'000	**£'000**
Longevity (increase or decrease by 1 year)	2,444	2,242
Rate of inflation (increase or decrease by 0.1%)	657	640
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	-588	-575

Local Government Pension Scheme assets comprise

Asset Category	Sub-Category	Quoted (Y/N)	31 March 2021 £'000	31 March 2020 £'000
Equities	UK Quoted	Y	0	112,828
	Global Quoted	Y	608,560	521,489
	Emerging Markets	Y	102,582	70,200
	Sub-total equities		**711,142**	**704,517**
Bonds	UK Government Indexed	Y	267,857	90,581
	Sterling Corporate Bonds	Y	160,392	146,390
	Sub-total bonds		**428,249**	**236,971**
Property	Property Funds		136,536	160,135
	Sub-total property		**136,536**	**160,135**
Alternatives	Hedge Funds	Y	98,877	93,008
	Diversified Growth Funds	Y	179,339	218,042
	Infrastructure	Y	147,399	129,617
	Secured Income	Y	100,279	24,398
	EFT's	Y	38,860	15,249
	Sub-total alternatives		**564,754**	**480,314**
Cash and equivalents	Cash Accounts	Y	55,641	35,586
	Sub-total cash		**55,641**	**35,586**
Total Assets			**1,896,322**	**1,617,523**

Governance and Risk Management
The liability associated with the Council's pension arrangements is material to the Council, as is the cash funding required.

Local Government Pension Scheme

Governance

As administering authority, Bath and North East Somerset Council (B&NES), has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations. B&NES delegates its responsibility for administering the Fund to the Avon Pension Fund Committee, which is the formal decision making body for the Fund. The Avon Pension Fund Committee is responsible for the investment, funding, administration and communication strategies. It also monitors the performance of the fund and approves and monitors compliance of statutory statements and policies required under the Regulations. The Committee is supported by an Investment Panel which considers the investment strategy and investment performance in greater depth.

Asset and Liability (ALM) Strategy

The Avon Pension Fund does not have an explicit asset and liability matching strategy. The primary objective of its investment strategy is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. When setting the investment strategy, the expected volatility of the assets relative to the value placed on the liabilities was measured and taken into account. The aim of the strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the Fund.

To achieve its investment objective the Fund invests across a diverse range of assets such as equities, bonds, property and other alternative investments, and uses several investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions. As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. A new triennial valuation was completed on 31 March 2019 and is effective from 1 April 2020.

The Council made a pension deficit contribution of £20.430m in April 2020.

The provisions of the LGPS and the Fund were amended with effect from 1 April 2014. Prior to that date benefits were paid on members' final salaries, whereas for service after that date benefits are based on career average salaries.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2022 are £38.242m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2022 are £4.197m.

Unfunded Teachers' Discretionary Benefits

The Council is responsible for any additional discretionary pension benefits awarded to teachers upon early retirement outside of the terms of the teachers' pension scheme.

Governance

The Teachers' Pension Scheme arrangements are managed centrally by government departments/agencies, and there is no material involvement for the Council.

Impact on the Council's Cash Flows

The Scheme targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the Scheme and their salary when they leave the Scheme ("final salary scheme") for service up to 31 March 2015, and on a revalued average salary ("career average scheme") for service from 1 April 2015.

The Council's involvement is limited to additional discretionary pension benefits to retired teachers which were rewarded at the point of retirement.

Risks Strategy

Given their unfunded nature, there are no investment risks in relation to this scheme. The greatest single risk is that the Government could change the funding standards relating to the scheme, increasing the Council's contributions.

Investment Risks

There are no investment risks in relation to these arrangements, given their unfunded nature. The greatest single risk is that the government could change the funding standards relating to them, which could increase the Council's contributions to them.

35 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following significant items:

	2020/21	2019/20
	£'000	£'000
Interest received	5,842	4,257
Interest paid	(33,652)	(35,808)
Dividends received	2,092	2,376

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

	2020/21	2019/20
	£'000	£'000
Depreciation, impairment and downward revaluations	118,351	86,657
Amortisation	4,525	3,245
Increase/(decrease) in impairment for bad debt	2,131	1,694
(Decrease)/increase in creditors	44,001	18,454
(Increase)/decrease in debtors	(34,145)	(7,351)
(Increase)/decrease in inventories	(2,250)	(8,294)
Movement in pension liability	21,667	47,803
Contributions to/(from) Provisions	(3,495)	4,099
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	25,545	46,849
Other non-cash items charged to the net surplus or deficit On the provision of services	(24,062)	11,269
Net cash flows from non-cash movements	**152,268**	**204,425**

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2020/21	2019/20
	£'000	£'000
Capital grants credited to surplus or deficit on the provision of services	(41,604)	(33,664)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(41,934)	(56,258)
	(83,538)	**(89,922)**

36 Cash Flow Statement - Investing Activities

	2020/21 £'000	2019/20 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(106,008)	(102,078)
Purchase of short-term and long-term investments	(294,800)	(124,641)
Other (payments)/receipts for investing activities	(5,090)	(10,368)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	40,291	56,290
Proceeds from short-term and long-term investments	318,600	107,000
Capital Grants Received	64,041	46,700
Other receipts from investing activities	3,692	2,056
Net cash flows from investing activities	**20,726**	**(25,041)**

37 Cash Flow Statement - Financing Activities

	2020/21 £'000	2019/20 £'000
Cash receipts of short- and long-term borrowing	224	30,000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(8,809)	(7,363)
Repayments of short- and long-term borrowing	(11,586)	0
Council tax and NNDR adjustments	(4,928)	1,728
Net cash flows from financing activities	**(25,099)**	**24,365**

38 Related Parties

The Council is required to disclose 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.

Some Members or members of their close families, have an interest in voluntary organisations and community groups awarded grants by the Council. Both Council members and Executive Directors have been asked to provide information regarding related party transactions. From the information received, it is believed that there have not been any significant transactions involving Executive Directors during the year however one Member has disclosed that a close family member is a Director of Bristol Food Network which has a contract with the Council to deliver a number of food related activities.

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides the majority of its funding in the form of grants, which are disclosed in Note 17.

The Council has interests in a number of companies over which it has significant influence or control as set out below.

Name	Nature of Council relationship	Transactions with the Council	Nature of transactions	Balances owed to / (from) the Council as at 31 3 2021
Bristol Holdings Limited	100% subsidiary The City Council has one Director post on the Board.	£163k recharges from BCC and £20k recharges to BCC	Recharges	£6.5m preference share interest owed to BCC
Bristol Waste Company	100% subsidiary of Bristol Holding Limited The City Council has one Director post on the Board.	£41m payments by Council to company £1.5m recharges from Company to Council	Contract for waste collection and recycling services Recharges	£9.4m loan from BCC for the acquisition of waste vehicles.
BE2020 Limited (Formally Bristol Energy Limited)	100% subsidiary of Bristol Holdings Limited The City Council has one Director post on the Board.	£1.6m sales and recharges from the Council £2.4m sales of energy to the Council £2.7m agreed contribution from Indemnity.	Purchase and sale of energy. Recharges	£1m owed to BCC
Goram Homes Ltd	100% subsidiary of Bristol Holdings Limited. The City Council has one Director post on the Board.	£1.5m Loan	Development of building projects	£1.5m loan
Bristol Heat Networks Limited (formally Energy Service Bristol Limited)	100% subsidiary of Bristol Holdings Limited. The City Council has one Director post on the Board.	None	Operation of heat network energy centres	None
Bristol Energy & Technology Services (Supply) Limited	100% subsidiary of Bristol Holdings Limited The City Council has one Director post on the Board. The company is currently dormant.	None	N/A	Nil
Bristol is Open Limited	100% owned subsidiary The City Council has one Director posts on the Board.	None	N/A	Nil
Bristol Local Education Partnership (LEP) Ltd	Joint venture with BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and Skanska Infrastructure Development UK Limited 80% (sold in Oct 20 to IIC Bristol Infrastructure Ltd) The Council has one director post on the board.	£26.4m payments to the company	Provision of ICT and construction services to schools in Bristol.	
City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil

City Leap Bristol Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Bristol City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Energy Partnership Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Bristol Infrastructure Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Energy Service Bristol Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil

West of England Partnership

Four unitary authorities - Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council - continue to work together and co-ordinate high level planning to improve the quality of life of their residents and provide for a growing population. This joint work focuses on activities that are better planned at the West of England level, rather than at the level of the individual Council areas.

The partnership is not a partnership in law, nor a formal decision making body, and does not have the power to bind the four unitaries. The partnership's activity is integrated into the West of England Local Enterprise Partnership (LEP), which promotes economic growth and prosperity through its key themes of Place, People and Business

39 Transfer of Functions

As part of the West of England devolution deal, South Gloucestershire, Bristol and Bath & North East Somerset Councils agreed to the establishment of the West of England Combined Authority to support economic growth and development across the region. Under the devolution deal certain functions were transferred from the constituent authorities to the WECA from 1st April 2018. These included concessionary fares, community transport, key route network development and bus service information. WECA has commissioned South Gloucestershire Council to provide concessionary fares on its behalf since 2019/20.

WECA levies the constituent authorities for the cost of the services for which it is now responsible. This is shown under Other Operating Expenditure. The value of the levy in 2020/21 is £9.750m (2019/20 £8.120m). There has been no change to the Council's assets or liabilities arising from the transfer of functions to WECA.

40 Contingent Liabilities

The prospective Bristol Arena operator has challenged the Councils termination of their Agreement for Lease in respect of the Arena on Temple Island and has claimed loss of profits, or costs, over the life of the potential lease. As at 31 March 2021 litigation proceedings had not commenced and no claims have been received.

There is currently a claim against the Council for £2.7 million in relation to compensation in respect of part of the AVTM Metrobus programme for the site at Ashton Fields. The claim concerns the valuation of the site. This is going to the Upper tribunal with the likely hearing being at the beginning of 2022.

HRA Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for Council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, service charges and other income. The account does not reflect all of the transactions required by statute to be charged or credited to the HRA for the year. The movement on the HRA Statement gives details of the additional transactions, which are required by statute.

	Note	2020/21	2019/20
		Net	Net
		£'000	£'000
Expenditure			
Repairs and maintenance		31,450	32,537
Supervision and management		29,959	28,920
Special services		9,769	9,155
Rent, rates, taxes and other charges		1,117	1,296
Depreciation and impairment of non-current assets	4	30,381	31,164
Debt management		37	42
Debt write offs and movement in the allowance for bad debts		1,628	2,460
Total expenditure		104,341	105,574
Income			
Dwelling rents	2	(113,814)	(109,997)
Non-dwelling rents		(1,017)	(961)
Charges for services and facilities		(8,301)	(8,755)
Contributions towards expenditure		(4)	(98)
Total income		(123,136)	(119,811)
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		**(18,795)**	**(14,237)**
Net cost of HRA services		**(18,795)**	**(14,237)**
(Gain) on sale of HRA non-current assets		(12,423)	(1,886)
Movement in the Fair Value of Investment Properties		379	387
Interest payable and similar charges		11,210	11,459
HRA interest and investment income		(359)	(1,312)
Pensions interest costs and expected return on assets	5	2,472	2,601
Capital Grants and Contributions Receivable		(481)	(27)
(Surplus) for the year on HRA services		**(17,997)**	**(3,015)**

Statement of movement on the HRA Balance

	Note	31 March 2021 Net £'000	31 March 2020 Net £'000
HRA balance brought forward		(87,526)	(78,718)
(Surplus) for the year on the HRA Income and Expenditure Account		(17,997)	(3,015)
Adjustments between accounting basis and funding basis under statute		7,082	2,059
(Increase) before reserve transfers		**(10,915)**	**(956)**
Transfer from/to reserves		50	(7,852)
Net (increase) on HRA balance		**(10,865)**	**(8,808)**
HRA balance carried forward		**(98,391)**	**(87,526)**

Note to the statement of movement on the HRA Balance

	Note	31 March 2021 Net £'000	31 March 2020 Net £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
Depreciation and impairment of property, plant & equipment	4	(29,993)	(30,790)
Amortisation of Intangible Fixed Assets	4	(388)	(373)
Fair value movements on investment properties		(379)	(387)
Net charges made for retirement benefits in accordance with IAS19	5	(9,542)	(9,829)
Net gain/loss on disposal of assets		12,423	1,886
Capital Grants and Other Contributions	6	481	27
		(27,398)	**(39,466)**
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
Capital expenditure funded by the HRA	6	408	10,999
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	4,740	4,859
Transfer to Major Repairs Reserve	8		-
HRA depreciation to Major Repairs Reserve	8	29,332	25,668
Amortisation of premiums			-
		34,480	**41,526**
Net additional amount required by statute to be debited or			
credited to the HRA Balance for the year		**7,082**	**2,060**

Notes to the Housing Revenue Account

1 Dwelling numbers as at 31 March 2021

	31 March 2021	31 March 2020
Houses	11,285	11,271
Bungalows	1,081	1,077
Flats	14,561	14,485
Total Dwellings held at 31 March 2021	**26,927**	**26,833**

2 Rent and Rent Arrears

The total value of dwelling rents in 2020/21, less rent attributable to empty properties (voids), is £113.8m (£110m in 2019/20). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc are:

	31 March 2021 £'000	31 March 2020 £'000
Former tenants	3,081	3,472
Current tenants	10,042	9,013
	13,123	**12,485**
Balance Sheet Provision		
Former tenants	2,698	3,056
Current tenants	7,393	6,549
	10,091	**9,605**

Vacant Possession

The vacant possession value of dwellings as at 1st April 2021 was £5.063bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.772bn, a difference of £3.291bn This difference reflects the economic cost of providing Council housing at less than market rent. This cost is determined by applying the Government prescribed discount rate of 35% of the Market Value to the vacant possession value.

3 Sums Directed by the Secretary of State to be Debited or Credited to the HRA

In 2020/21 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

4 Depreciation and Impairment

		2020/21	2019/20
		£'000	£'000
Depreciation			
Operational Assets	- Dwellings	28,756	25,158
	- Other, including leased	576	510
		29,332	**25,668**
Intangible Fixed Assets		388	373
Total depreciation		**29,720**	**26,041**
Revaluation losses		661	5,123
Reversal of impairment losses			-
Total depreciation and impairment		**30,381**	**31,164**

Impairment

There was a loss on revaluation of £0.661m charged to the surplus on provision of Services (2019/20: £5.123m).

5 HRA Share of Contributions to/from Pension Reserve

For 2020/21 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.5m (2019/20 £2.6m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the Council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £9.5m (2019/20 (£9.8m)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £4.7m (2019/20(£4.9m)) with the net movement on the Pension reserves of £4.8m (2019/20 £4.9m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see note 33.

6 Capital Expenditure and financing

Total expenditure during the year and its financing was as follows:

Expenditure	2020/21	2019/20
	£'000	£'000
Dwellings	38,637	49,143
Other Assets	408	74
	39,045	**49,217**
Financing		
Usable capital receipts	16,514	12,523
Revenue contributions to capital	408	11,026
Major Repairs Reserve	21,642	25,668
Other	481	
	39,045	**49,217**

7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £35.3m (£10.4m in 2019/20). The receipts are summarised as follows:

	2020/21 £'000	2019/20 £'000
Receipts unapplied brought forward - 1 April	50,550	54,827
Right to Buy sales	8,021	10,188
Mortgage repayments	3	-
Disposal of Land and Buildings	27,287	171
	85,861	**65,186**
Allowable reductions		
Repaid to MHCLG	(2,115)	(2,113)
Capital receipts applied	(16,515)	(12,523)
Capital receipts applied to GF		
Capital receipts unapplied carried forward - 31 March	**67,231**	**50,550**

8 Major Repairs Reserve

	2020/21 £'000	2019/20 £'000
Balance brought forward - 1 April	**(3,606)**	**(3,606)**
Capital expenditure (dwellings)	21,642	25,668
Major Repairs Allowance set aside in year	(29,332)	(25,668)
Excess depreciation credited to Statement of Movement on HRA Balance		
Balance carried forward - 31 March	**(11,296)**	**(3,606)**

Depreciation has been calculated in accordance with our accounting policies for all HRA assets. We have used the Keystone component accounting information for Dwelling as a proxy for component accounting and Corporate Asset Management system for Non-Dwelling.

The MRA balance was £29.3m for 2020/21 (2019/20 - £25.7m). £21.6m was used to finance appropriate Housing Revenue Account capital expenditure.

9 Balance Sheet Value of Land and Houses, etc.

	2020/21 £'000	2019/20 £'000
Dwellings	1,751,522	1,678,285
Land	38,785	38,722
Other assets	28,562	20,071
	1,818,869	**1,737,078**

10 Asset Split

	2020/21 £'000	2019/20 £'000
Operational - dwellings	1,751,522	1,678,285
Operational - other land and buildings	60,848	52,282
Non-operational	6,199	6,512
Intangible	1,587	1,568
Other		3
	1,820,156	**1,738,650**

Collection Fund

Collection Fund Income and Expenditure Account

31 March 2020					31 March 2021		
£'000	£'000	£'000			**£'000**	**£'000**	**£'000**
Business Rates	Council Tax	Total		Note	**Business Rates**	**Council Tax**	**Total**
			Income				-
-	255,560	255,560	Council Tax		-	266,356	266,356
227,650	-	227,650	Non-Domestic Rates		137,951	-	137,951
(2,879)	-	(2,879)	Transitional Protection Payment		(3,254)	-	(3,254)
			Contributions towards previous years Collection Fund Deficit:				
-	-	-	Central Government		-	-	-
-	-	-	Bristol City Council		1,673	-	1,673
-	-	-	Avon & Somerset Police and Crime Commissioner		-	-	-
-	-	-	Avon Fire Authority		18	-	18
-	-	-	West of England Combined Authority		89	-	89
224,771	255,560	480,331			**136,478**	**266,356**	**402,834**
			Expenditure				
			Apportionment of Previous Years Surplus				
-	-	-	Central Government		-	-	-
1,012	1,886	2,898	Bristol City Council		-	37	37
-	225	225	Avon & Somerset Police and Crime Commissioner		-	4	4
1	83	84	Avon Fire Authority		-	2	2
3	-	3	West of England Combined Authority		-	-	-
1,016	2,194	3,210			0	43	43
			Precepts, Demands and Shares				
197,330	214,733	412,063	Bristol City Council		197,854	226,055	423,910
-	27,662	27,662	Avon & Somerset Police and Crime Commissioner		-	29,289	29,289
2,111	9,511	11,622	Avon Fire Authority		2,105	9,635	11,740
10,547	-	10,547	West of England Combined Authority		10,524	-	10,524
209,988	251,906	461,894			210,483	264,979	475,462
			Charges to the Collection Fund				
2,003	2,457	4,460	Write offs of uncollectable amounts		649	1,237	1,885
586	2,890	3,476	Increase/(Decrease) in bad debt provision		6,551	3,723	10,274
704	-	704	Cost of Collection Allowance		702	-	702
8,297	-	8,297	Disregarded amounts		4,716	-	4,716
-	-	-	Prior year adjustment		-	-	-
575	-	575	Increase/(Decrease) in provision for appeals		(2,056)	-	(2,056)
12,165	5,347	17,512			10,561	4,960	15,521
1,602	**(3,887)**	**(2,285)**	**Surplus/ (Deficit) for the year**		**(84,567)**	**(3,626)**	**(88,193)**
(1,288)	**2,192**	**904**	**Surplus/ (Deficit) as at 1 April**		**314**	**(1,695)**	**(1,381)**
314	**(1,695)**	**(1,381)**	**Surplus/ (Deficit) as at 31 March**		**(84,253)**	**(5,321)**	**(89,574)**

Notes to the Collection Fund Income and Expenditure Account

1 General

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 billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Only the elements attributable to the City Council are recognised with the Council's other accounts.

2 Council tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 128,566 for 2020/21 (126,999 for 2019/20). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of council tax for a Band D property of £2,061.03 for 2020/21 (£1,982.11 for 2019/20) is multiplied by the proportion specified for the particular band to give an individual amount due.

Calculation of the council tax Base used in setting the 2020/21 council tax:

					BANDS					
	A Entitled to Disabled Relief	A	B	C	D	E	F	G	H	Total
No of Properties	-	52,737	74,080	39,455	18,659	9,780	4,799	2,852	338	202,700
Exemptions and disabled relief	-31	-2,838	-1,419	-1,405	-1,192	-1,037	-172	-44	6	-8,132
Less Discounts	59	-5,502	-5,623	-2,733	-1,140	-505	-213	-131	-64	-15,852
Total Equivalent Dwellings	28	44,397	67,038	35,317	16,327	8,238	4,414	2,677	280	178,716
Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D Equivalents	16	29,598	52,141	31,393	16,327	10,069	6,376	4,462	561	150,943
Add Changes re: Additional Properties										1,715
Additional Exemptions										-2,190
Council Tax Support										-19,944
Adjustments to reflect Discretionary Discounts										
Rate of Collection 98.5%										-1,958
Council Tax Base										128,566

3 Collection Fund balance sheet items have been apportioned as shown in the table below.

Council Tax	Total	Bristol City Council	Police & Crime Commissioner	Avon Fire Authority
	£'000	£'000	£'000	£'000
Debtors	22,897	19,536	2,553	809
Bad debt allowance	(13,392)	(11,426)	(1,493)	(473)
Prepayments and overpayments	(3,729)	(3,181)	(416)	(132)
Surplus/ (Deficit) at 31 March	**(5,321)**	**(4,539)**	**(588)**	**(194)**

Business Rates	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
	£'000	£'000	£'000	£'000	£'000
Debtors	16,554	15,560	828	166	
Bad debt allowance	(8,724)	(8,201)	(436)	(87)	
Prepayments and overpayments	(2,898)	(2,724)	(145)	(29)	
Appeals provision	(27,150)	(25,521)	(1,357)	(271)	
Surplus/ (Deficit) at 31 March	**(84,253)**	**(80,160)**	**(4,287)**	**(837)**	**1,030**

4 National Non-Domestic Rates (NNDR)

The Council collects NNDR for its area based on rateable values as determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was on 1 April 2017. The next revaluation was expected to be 1 April 2021, with valuations being effective from this date, but has been delayed due to COVID-19.

Each year the Government specifies an amount known as the non-domestic rating multiplier and (subject to the effects of transitional arrangements) local businesses pay rates calculated by multiplying their rateable value by that multiplier. A second multiplier known as the small business non-domestic rating multiplier was introduced from 1 April 2005 and this multiplier is applicable to those businesses that qualify for small business relief.

In 2020/21 the non-domestic rating multiplier was 51.2p (50.4p in 2019/20) and the small business non-domestic rating multiplier was 49.9p (49.1p in 2019/20).

As part of the governments West of England devolution deal Bristol, Bath and North East Somerset and South Gloucestershire Councils agreed to the establishment of the West of England Combined Authority (WECA) to support economic growth and development across the region. This also enabled the three Council's to take part in a 100% business rates retention pilot. As a result Bristol City Council is now responsible not only for collection of rates due from the ratepayers in its area but also for redistribution of the sums paid according to the following percentages: Bristol City Council: 94%, West of England Combined Authority 5% and Avon Fire Authority: 1%.

The NNDR income after reliefs and provisions was £132.808m for 2020/21 (£224.484m for 2019/20). The significant change is due to specific COVID-19 reliefs given. The total rateable value at 31 March 2021 was £556.356m (£560.880m at 31 March 2020).

5 City Region Deal Growth Disregard

From 2015/16, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise area and Enterprise Zone. The growth is transferred to the Council's General Fund before being pooled with other participating authorities

City Region Deal

Background

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2015. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

Transactions

Each participating Council pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the BRP, representing business rates collected in the Enterprise Areas in excess of an agreed baseline figure. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations and the BRPPA as:

- Tier 1: to ensure that no individual Council is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these are reflected under "Cash Transactions" in the table below. Expenditure and revenue recognised in the Council's CIES is also disclosed.

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
Funds held by BRP at 1 April	(41,689)	(11,169)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(28,529)	(7,628)	7,044	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	10,158	3,631	-	(3,631)
- BRP management fee	33	8	-	-
- EDF management fee	64	16	-	-
- Tier 2 EDF funding	1,164	128	-	-
-Tier 3 demographic and service pressures	2,969	650	-	(774)
Funds held by BRP at 31 March	**(55,830)**	**(14,363)**		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(15,251)	(4,564)	(2,098)	n/a
Committed cash (Tier 3)	(40,579)	(9,800)	n/a	n/a
Expenditure/(Revenue) recognised	**(55,830)**	**(14,363)**	**4,947**	**(4,406)**

As stated under the accounting policies, growth paid over to the BRP is recognised as expenditure by each Council to the extent that the use of the funds by the BRP has been committed. Uncommitted cash is recognised by each Council as a debtor.

The uncommitted cash of £4,564m contributed by the Council and held by the BRP is recognised by the Council as a debtor and is held in an earmarked reserve to smooth the impact of City Region Deal transactions and match the release of revenue support and charges for projects. The BRP has not made a payment to Bristol City Council on behalf of the EDF in 2020/21 (2019/20 £1.813m.)

The Council itself has recognised revenue income of £4.406m (2019/20 £7.010m) from the BRP and expenditure of £4.947m (2019/20 £5.598m) to the BRP for the year.

Group Accounts

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

The Council has interests in a number of companies that are classified as a subsidiary or joint venture, all of which have been considered for consolidation. Three of these, Bristol Holding Limited, Bristol Waste Company Limited and BE2020 Limited (formally Bristol Energy Limited) are considered to be material to the financial statements. Details of the companies considered for consolidation are shown below. Although not material, Goram Homes Limited, and Bristol Heat Networks Limited as subsidiaries of Bristol Holdings Limited has also been consolidated into the group financial statements.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with, Bristol Holding Limited, Bristol Waste Company Limited, Bristol Energy Limited, Goram Homes Limited and Bristol Heat Networks Limited. Copies of the individual audited accounts are available from Companies House.

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Associated Notes to the Accounts where there are significant differences between the Council's single entity accounts and the consolidated Group.

Group Financial Statements

The Group Comprehensive Income and Expenditure Account as at 31 March 2021

This statement shows the accounting cost in the year of providing the Group's services in accordance with generally accepted accounting practices.

2019/20				2020/21		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
391,416	(166,564)	224,852	Adults, Children and Education	417,307	(212,528)	204,779
228,165	(160,328)	67,837	Resources	240,082	(164,300)	75,782
303,791	(184,194)	119,597	Growth & Regeneration	297,632	(115,130)	182,502
105,574	(119,811)	(14,237)	Housing Revenue Account	104,341	(123,136)	(18,795)
204,487	(196,848)	7,639	Designated Schools Grant	212,076	(201,110)	10,966
17,657	(1,252)	16,405	Corporate Funding & Expenditure	9,860	(903)	8,957
1,251,090	**(828,997)**	**422,093**	**Cost of services (Note G1)**	**1,281,298**	**(817,107)**	**464,191**
		2,099	Other operating expenditure			7,937
		37,869	Financing and investment income and expenditure (Note G2)			9,097
		(414,418)	Taxation and non-specific grant income			(473,173)
		47,643	**(Surplus)Deficit on provision of services**			**8,052**
		(99,683)	Deficit on revaluation of Property, Plant and Equipment assets			(150,901)
		(45,764)	Remeasurement of the net defined benefit liability/asset			112,632
		-	Surplus/deficit on financial assets measured at fair value			-
		(145,447)	**Other comprehensive (income) and expenditure**			(38,269)
		(97,804)	**Total comprehensive (income) and expenditure**			**(30,217)**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into usable reserves and other reserves.

	Note	General Fund Balance	Earmarked Reserves Restated	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Sub Total Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 Carried Forward		23,258	81,179	12,493	116,930	78,718	7,852	86,570	70,824	3,606	3,919	281,849	1,293,274	1,575,122	(19,122)	1,556,000
Movement in Reserves during 2019/20 Restated*																
Surplus or (deficit) on the provision of services		**(16,866)**			**(16,866)**	**3,016**		**3,016**				**(13,850)**	**-**	**(13,849)**	**(33,793)**	**(47,643)**
Other Comprehensive Expenditure and Income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**145,431**	**145,431**	**16**	**145,447**
Adjustments between group accounts and authority accounts		**(37,948)**			**(37,948)**			**-**				**(37,948)**		**(37,948)**	**37,948**	**-**
Total Comprehensive Expenditure and Income		**(54,814)**	**-**	**-**	**(54,814)**	**3,016**	**-**	**3,016**	**-**	**-**	**-**	**(51,798)**	**145,431**	**93,633**	**4,172**	**97,804**
Adjustments between accounting basis and funding basis under regulations	Note 18	59,578			50,078	(2,060)		**(2,060)**	7,688		(1,234)	54,472	(63,972)			-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**4,763**	**-**	**-**	**4,763**	**956**	**-**	**956**	**7,688**	**-**	**(1,234)**	**12,173**	**81,459**	**93,633**	4,172	**97,804**
Transfers to/(from) Earmarked Reserves	Note 19	(11,020)	16,211	(5,191)	-	7,852	(7,852)	-	-				-	-		-
Increase/(Decrease) in 2019/20		**(6,257)**	**16,211**	**(5,191)**	**4,763**	**8,808**	**(7,852)**	**956**	**7,688**	**-**	**(1,234)**	**12,173**	**81,459**	**93,633**	4,172	97,804
																-
Balance at 31 March 2020 Carried Forward		**17,001**	**97,390**	**7,302**	**121,694**	**87,526**	**0**	**87,526**	**78,513**	**3,606**	**2,685**	**294,024**	**1,374,733**	**1,668,754**	**(14,950)**	**1,653,805**
Movement in Reserves during 2020/21																
Surplus or (deficit) on the provision of services		**13,946**			**13,946**	**17,997**		**17,997**				**31,943**	**-**	**31,943**	**(39,995)**	**(8,052)**
Other Comprehensive Expenditure and Income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,555**	**38,555**	**(286)**	**38,269**
Adjustments between group accounts and authority accounts		**(44,154)**			**(44,154)**			**-**				**(44,154)**		**(44,154)**	**44,154**	**-**
Total Comprehensive Expenditure and Income		**(30,208)**	**-**	**-**	**(30,208)**	**17,997**	**-**	**17,997**	**-**	**-**	**-**	**(12,211)**	**38,555**	**26,344**	**3,872**	**30,217**
Adjustments between accounting basis and funding basis under regulations	Note 18	172,416			172,416	(7,082)		**(7,082)**	(20)	7,690	395	**173,399**	(173,399)			-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**142,207**	**-**	**-**	**142,207**	**10,915**	**-**	**10,915**	**(20)**	**7,690**	**395**	**161,187**	**(134,844)**	**26,344**	**3,872**	**30,217**
Transfers to/(from) Earmarked Reserves	Note 19	(123,543)	123,317	226	-	(651)	651	-	-			-	-	-		-
Increase/(Decrease) in 2020/21		**18,664**	**123,317**	**226**	**142,207**	**10,264**	**651**	**10,915**	**(20)**	**7,690**	**395**	**161,187**	**(134,844)**	**26,344**	**3,872**	**30,217**
Balance at 31 March 2021 Carried Forward		**35,665**	**220,707**	**7,528**	**263,901**	**97,790**	**651**	**98,441**	**78,493**	**11,296**	**3,080**	**455,210**	**1,239,889**	**1,695,098**	**(11,078)**	**1,684,021**

*Restated - please refer to the Prior Period Adjustments note for further details.

Group Consolidated Balance Sheet as at 31 March 2021

31-Mar-20 £'000		Note	31-Mar-21 £'000
2,720,789	Property, Plant & Equipment		2,827,555
204,056	Heritage Assets		207,406
15,958	Intangible Assets		20,573
252,586	Investment Property		275,903
36,551	Long Term Investments	G10	38,678
40,253	Long Term Debtors		38,666
3,270,193	**Long Term Assets**		**3,408,781**
89,093	Short Term Investments	G10	64,983
10,804	Inventories		12,431
130,024	Short Term Debtors	G3	148,071
79,927	Cash and Cash Equivalents		148,308
759	Assets held for sale		806
310,607	**Current assets**		**374,599**
	Cash and Cash Equivalents		(20,702)
(14,778)	Short Term Borrowing	G10	(4,966)
(213,838)	Short Term Creditors	G4	(227,860)
(2,406)	Provisions		(5,760)
(5,379)	Derivative Financial Instrument		0
(26,741)	Capital grants received in advance		(44,448)
(263,142)	**Current liabilities**		**(303,736)**
(450,488)	Long Term Borrowing	G10	(450,488)
(28,257)	Provisions		(26,277)
(1,156,508)	Other Long Term Liabilities		(1,285,527)
(28,600)	Capital Grants Receipts in Advance		(33,331)
(1,663,853)	**Long-term liabilities**		**(1,795,623)**
1,653,805	**Net assets**		**1,684,021**
(282,498)	Usable Reserves		(451,769)
(1,371,307)	Unusable Reserves	G5	(1,232,252)
(1,653,805)	**Total reserves**		**(1,684,021)**

Group Cash Flow Statement for the year ended 31 March 2021

The cash flow statement shows the changes to cash and cash equivalents of the Group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2019/20			**2020/21**
£'000		**Note**	**£'000**
(47,643)	Net surplus/(deficit) on the provision of services		(8,057)
192,798	Adjustment to net surplus on the provision of services for non-cash movements	G6	144,003
(90,100)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G6	(83,538)
55,055	Net cash flows from Operating Activities		52,408
(20,924)	Investing Activities	G7	20,370
24,365	Financing Activities	G8	(25,099)
58,496	Net increase (decrease) in Cash and Cash Equivalents		47,679
21,431	Cash and Cash Equivalents at the beginning of the reporting period		79,927
79,927	**Cash and Cash Equivalents at the end of the reporting period**		**127,606**

Notes to the Group Accounts

Accounting Policies

Generally, the accounting policies for the group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the group accounts:

Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint arrangements. In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Joint Arrangements (Joint Ventures) – where the Council exercises joint control with one or more organisations. Where these are material they are included in the group.
- Associates – where the Council is an investor and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (stopping short of control or joint control.) It is presumed that holding 20% of the voting power of an investee (either directly or indirectly) brings significant influence but this presumption can be rebutted.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Bristol Holding Ltd	Direct Subsidiary	Consolidated
Bristol Waste Company Ltd	Indirect Subsidiary	Consolidated
BE2020 Limited (formally Bristol Energy Limited)	Indirect Subsidiary	Consolidated
Bristol Energy and Technology Services (Supply) Ltd	Indirect Subsidiary	Not Material – Dormant company
Local Education Partnership	Joint Venture	Not Material
Bristol is Open Ltd	Direct Subsidiary	Not Material
Goram Homes	Indirect Subsidiary	Consolidated
Bristol Heat Networks Limited	Indirect Subsidiary	Consolidated

The grounds for exclusion from consolidation of certain entities are not material to the true and fair view of the financial statements or to the understanding of the users.

Basis of Consolidation – Group Accounts

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code. Accounting policies have been aligned where applicable.

Bristol Holding Limited

Bristol Holding is a wholly owned subsidiary of the City Council, incorporated on 12 March 2015. The principal activity of the company is that of a holding company and the activities of the group are the provision of waste services, housing development and a gas and electric supply business in the UK with particular focus on residential customers.

On the 13 July 2015 the company acquired Bristol Energy and Technology Services (Supply) Limited for £100,000 and on 31 March 2016, the company acquired Bristol Waste Limited from Bristol City Council.

As at the 31 March 2021 the Council has invested £37.153m in Bristol Holding Limited. This was made up of £9.228m ordinary shares and £27.925m cumulative redeemable preference shares.

Bristol Waste Company Limited

Bristol Waste Company Limited is a wholly owned subsidiary of Bristol Holding Limited. The company was incorporated on 5 March 2015. From the 8 August 2015 the company has been providing waste collection, street cleaning and other maintenance services in Bristol.

BE2020 Bristol Energy Limited (formally Bristol Energy Limited)

BE2020 is a wholly owned subsidiary of Bristol Holding Limited incorporated on 17 July 2014. The company commenced trading on 23 November 2015 and launched its product offering to customers in February 2016. On 2 October 2020 a resolution was passed to authorise the Company to change its name to BE2020. In August 2020 the commercial customer book and associated assets were sold to Yu Energy and in September 2020 the residential book and associated assets acquired by Together Energy. The Directors then engaged in a process to realise the remaining assets and to settle the remaining liabilities. Accordingly the accounts for BE2020 have been prepared on a basis other than going concern.

Bristol Energy and Technology Services (Supply) Limited (formally Bristol Energy Limited)

Bristol Energy and Technology Services (Supply) Limited is a wholly owned subsidiary of Bristol Holding Limited incorporated on 14 March 2016. The company is currently dormant. On 14 February 2018 a resolution was passed to authorise the Company to change its name to Bristol Energy and Technology Services (Supply) Limited.

Goram Homes Limited

Goram Homes is a wholly owned subsidiary of Bristol Holding Limited incorporated on 1 October 2018. The company aims to increase the provision of new homes in the city and to meet housing requirements without compromising on build quality particularly around the provision of affordable housing, space standards and sustainability.

Bristol Heat Networks Limited

Bristol Heat Networks Limited is a wholly owned subsidiary of Bristol Holding Limited incorporated on 31 October 2018. The company aims to deliver affordable, low carbon heat and is fundamental to the Council's drive to make the city carbon neutral by 2030.

None of the other entities in which the City Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be found within the Related Parties note in the Council's single entity accounts (Note 38)

Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on xx March 2022. Events taking place after this date are not reflected in the financial statements or Notes. However there has been one event since the 31 March 2020 up to the date the accounts were authorised for issue by the S151 Officer.

On 3rd June 2021, Bristol Holding Ltd agreed to the reclassification of 27,321,425 redeemable preference shares (at a 7% coupon) held in BE2020 Ltd being converted into ordinary shares held in the company. All accrued and future interest and any arrears of preferential dividend attaching to the preference shares have been waived and written off.

Group financial position

The closing net deficit balance of the group is £43.2m which takes into account previous years losses carried forward.

Where there are no material changes to the statements the notes are as per the Council's single entity accounts. Where consolidation has resulted in material changes additional notes are set out below.

G1 Net Cost of Services

The Net cost of Services in the consolidated CIES includes gross income of £43.9m and gross expenditure of £36.9m associated outside of the group boundary.

Revenue from Contracts with Customers

In addition to note 8a in the Council's single entity accounts the only material contractual revenue income from customers outside of the group boundary is £32m from the supply of energy to both commercial and domestice customers by Bristol Energy Ltd.

G2 Financing and Investment Income and Expenditure

	31 March 2021 £'000	31 March 2020 £'000
Interest payable and similar charges	36,671	37,291
Loss Allowance (Financial guarantee contracts)	(5,379)	5,379
Changes in the fair value of financial instruments	(2,301)	(2,350)
Pensions net interest cost	22,523	23.029
Interest receivable and similar income	(9,282)	(10,262)
Income and expenditure in relation to Investment Properties	(10,569)	(11,474)
Changes in fair value of Investment Properties	(22,566)	(3,744)
Total	**9,097**	**37,869**

G3 Current Debtors

Current debtors	31 March 2021 £'000	31 March 2020 £'000
Trade Receivables	24,836	16,725
Prepayments	4,677	19,614
VAT	9,632	8,931
Other Receivable Amounts	108,926	84,754
Total	**148,071**	**130,024**

G4 Creditors

Current liabilities	31 March 2021 £'000	31 March 2020 £'000
Trade Payables	10,690	16,470
Other Payables	147,659	127,667
Receipts In Advance	69,511	69,701
Total	**227,860**	**213,838**

G5 Unusable Reserves

	31 March 2021 £'000	31 March 2020 £'000
Revaluation Reserve	(987,171)	(861,614)
Capital Adjustment Account	(1,505,872)	(1,514,604)
Financial Instruments Adjustment Account	6,898	7,076
Deferred Capital Receipts Reserve	(1,448)	-
Pensions Reserve	1,144,014	991,708
Collection Fund Adjustment Account	87,935	(477)
Accumulated Absences Account	13,388	6,604
Dedicated Schools Grant Adjustment Account	10,004	
	(1,232,252)	**(1,371,307)**

G6 Cash Flow Statement

The cash flows for operating activities include the following significant items:

	31 March 2021 £'000	31 March 2020 £'000
Interest received	5,842	4,288
Interest paid	(34,387)	(37,832)
Dividends received	1,954	2,376

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

	31 March 2021 £'000	31 March 2020 £'000
Depreciation, impairment and downward revaluations	120,467	82,681
Amortisation	4,525	4,431
Increase/(decrease) in impairment for bad debt	2,131	1,694
(Decrease)/increase in creditors	12,245	27,642
(Increase)/decrease in debtors	(13,547)	(10,155)
(Increase)/decrease in inventories	(1,627)	(8,816)
Movement in pension liability	21,109	47,008
Contributions to/(from) provisions	(4,004)	4,099
Carrying amount of non-current assets held for sale, sold or derecognised	25,545	46,849
Other non-cash items charged to the net surplus or deficit On the provision of services	(22,841)	(2,635)
Net cash flows from non-cash movements	**144,003**	**190,798**

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	31 March 2021 £'000	31 March 2020 £'000
Capital grants credited to surplus or deficit on the provision of services	(41,934)	(33,664)
Net adjustment from the sale of short- and long-term investments		-
Premiums or discounts on the repayment of financial liabilities		
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(41,604)	(56,436)
	(83,538)	**(90,100)**

G7 Cash Flow Statement - Investing Activities

	31 March 2021 £'000	31 March 2020 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(107,044)	(117,110)
Purchase of short-term and long-term investments	(294,800)	(116,900)
Other (payments)/receipts for investing activities	(4,410)	(173)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	40,291	57,503
Proceeds from short-term and long-term investments	318,600	107,000
Capital Grants Received	64,041	46,700
Other receipts from investing activities	3,692	2,056
Net cash flows from investing activities	**20,370**	**(20,924)**

G8 Cash flow Statement - Financing Activities

	31 March 2021 £'000	31 March 2020 £'000
Cash receipts of short- and long-term borrowing	224	30,000
Cash payments for the reduction of outstanding liabilities relating to	-	
Finance leases and on-Balance Sheet PFI contracts	(8,809)	(7,363)
Repayments of short and long-term borrowing	(11,586)	-
Council tax and NNDR adjustments	(4,928)	1,728
Other payments/(receipts) in respect of financing activities		-
Net cash flows from financing activities	**(25,099)**	**24,365**

G9 Directors Remuneration and Exit Packages

Where a Directors annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed by way of job title. For those Directors whose salary is £150,000 or more, their name is also disclosed.

2020/21				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Bristol Energy Company							
Interim Managing Director	Apr 20 – Nov 20	A Booth	1	111,209	-	-	**111,209**
Consultant to the Board	Apr' 20 – Mar' 21	C Smith	1	242,101			**242,101**
Bristol Waste Company							
Managing Director	Apr' 20 – Mar'21			125,744	-	5,368	**131,112**
Finance Director	Apr' 20 – Mar'21			110,431	-	4,789	**115,220**
Goram Homes							
Managing Director	Apr' 20 – Mar' 21			113,300	-	10,300	**123,600**
Bristol Holding Company							
Executive Chair (CEO)	Apr' 20 – Mar' 21			88,365		18,848	**107,213**

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

Note 2 - The table above is presented in a format as prescribed in Schedule 1 of the Accounts and Audit Regulations 2015. This presentation differs from that of the disclosure in the Companies audited accounts as these are prepared in accordance with FRS 102.

2019/20				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Bristol Energy Company							
Managing Director	Apr'19 – Mar'20	M Majewicz		306,081	7,800	9,079	**322,960**
Interim Managing Director	Mar'20	A Booth	1	33,917	-	-	**33,917**
Interim Director of Finance	Oct'19 – Mar'20	C Smith	1	113,333	-	-	**113,333**
Bristol Waste Company							
Managing Director	Apr'19 – Mar'20			119,587	-	5,187	**124,774**
Finance Director	Apr'19 – Mar'20			73,179	-	3,307	**76,486**
Goram Homes							
Managing Director	Apr'19 – Sept'19	S Blake		104,046	-	-	**104,046**
Managing Director	Sept'19 – Mar'20			52.678	-	4,167	**63,845**
Bristol Holding Company							
Executive Chair (CEO)	Aug'19 – Mar'20			53,871		12,498	**66,369**
Interim Director of Finance	July'19 – Mar'20		1	121,344	-	-	**121,344**

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

Note 2 - The table above is presented in a format as prescribed in Schedule 1 of the Accounts and Audit Regulations 2015. This presentation differs from that of the disclosure in the Companies audited accounts as these are prepared in accordance with FRS 102

G10 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. The value of debtors and creditors reported in the table are those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and associated notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

	Long-Term		Current	
	31 March 2021 £'000	31 March 2020 £'000	**31 March 2021 £'000**	31 March 2020 £'000
Financial Liabilities at Amortised cost				
Borrowing	(450,488)	(450,488)	(4,966)	(14,778)
Service Concessions	(114,670)	(119,424)	(6,803)	(8,820)
Creditors	(3,680)	(2,281)	(209,102)	(190,410)
Financial Liabilities at Fair Value through profit and loss				
Financial Derivative	-	-	(20,702)	(5,379)
Total Financial Liabilities	**(568,838)**	**(572,193)**	**(241,573)**	**(219,387)**
Financial Assets at amortised cost				
Investments	-	1	111,815	113,003
Debtors	1,000	1,009	95,952	93,780
Financial Assets at Fair Value through Other Comprehensive Income				
Investment	350	350	-	-
Financial Assets at Fair Value through profit and loss				
Investments	38,228	36,100	101,476	56,016
Total Financial Assets	**39,578**	**37,460**	**309,243**	**262,799**

Movements

The net increase of financial assets and liabilities (circa £29m) was through a combination of increases in working capital and reserves resulting in additional cash resources to invest in lieu of using these resources.

Borrowing

Current borrowing	31 March 2021 £'000	31 March 2020 £'000
Deposit loans (repayable at notice - up to 7 days)	102	151
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,251	13,470
- Banks and other monetary sector	1,334	1,136
- Energy Improvement Loans	259	-
- Local Bonds and Property rent deposits	11	11
- Stocks	10	10
Total	4,966	**14,778**

Non-current borrowing	31 March 2021 £'000	31 March 2020 £'000
Public Works Loan Board	330,439	330,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
Total	450,488	**450,488**

Income, Expense, Gains or Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

Financial Instruments Gains and Losses 2020/21

	Financial Liabilities	Financial Assets			
	Measured at Amortised Cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(28,862)	-	-	-	(28,862)
Total expense in Surplus or Deficit on the Provision of Services	**(28,862)**	**-**	**-**	**-**	**(28,862)**
Interest Income		4,754		109	4,863
Fair Value Movement				2,300	2,300
Dividend Income				2,092	2,092
Total income in Surplus or Deficit on the Provision of Services	**(28,862)**	**4,754**	**-**	**4,501**	**(19,607)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net gain/(loss) for the year	**(28,862)**	**4,754**	**-**	**4,501**	**(19,607)**

Financial Instruments Gains and Losses 2019/20

	Financial Liabilities	Financial Assets			
	Measured at amortised cost	Loans and receivables	Fair Value through the CI	Fair Value through the I&E	Total
	£000s	£000s	£000s	£000s	£000s
Interest expense & Impairment Losses	(40,647)	-	-	-	(40,647)
Total expense in Surplus or Deficit on the Provision of Services	**(40,647)**	**-**	**-**	**-**	**(40,647)**
Interest Income	-	5,531	-	301	5,832
Fair Value Movement	-	-	-	2,350	2,350
Dividend Income	-	-	-	2,376	2,376
Total income in Surplus or Deficit on the Provision of Services	**(40,647)**	**5,531**	**-**	**5,027**	**(30,089)**
Deficit arising on revaluation of financial assets in Other	**-**	**-**	**-**	**-**	**-**

Comprehensive Income and Expenditure					
Net gain/(loss) for the year	**(40,647)**	**5,531**	**-**	**5,027**	**(30,089)**

Fair Value of Financial Assets and Property Assets

Some of the Groups' financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Descriptions	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements						
Fair Value through Profit and Loss						
Money Market Funds	101,476	-	-	56,017	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	29,000	-	-	27,000
Other Unquoted private companies	-	-	128	-	-	100
Pooled property fund	-	-	9,100	-	-	9,000
Fair Value through Other Comprehensive Income						
Other unquoted private companies	-	-	350	-	-	350
Total Non-traded securities:	**101,476**	**-**	**38,578**	**56,017**	**-**	**36,450**
Investment properties	**-**	**275,903**	**-**	**-**	**252,586**	**-**
Surplus properties	**-**	**43,706**	**-**	**-**	**41,957**	**-**
Total recurring fair value measurements	101,476	319,609	38,578	**56,017**	**294,543**	**36,450**
Non-recurring fair value measurements						

Assets held for sale		806	-	-	723	-
Total non-recurring fair value measurements	**-**	**806**	**-**	**-**	**723**	**-**

Valuation techniques and Inputs **Description of asset**	**Valuation hierarchy**	**Basis of Valuation**	**Observable and Unobservable inputs**	**Key sensitivities affecting the valuations provided**
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in note 21)	Level 2	All investment properties have been valued by the Group's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.
Bristol Port Company	Level 3	This investment has been valued by an external specialist valuation company for financial year ending 31st March 2021 and refreshed by Council officers for this	Calculations have been based an income approach to valuation, by applying a multiple derived from the market	Changes to market conditions (local and global), and the comparable data used within the valuations. If the growth of future returns is greater or lesser by 0.5% than the 2% forecast, the

		financial year on the same basis.	to a maintainable profit figure.	fair value will be circa £1.5m higher or lower respectively.
Investments in other unquoted companies	Level 3	These investments have been valued at the Group’s share of each company.	Calculations have been based on their latest audited accounts	The value of these companies are relatively low (£478k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Group's share within the pooled fund.	The valuation for Pooled Property Funds have been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £91k higher or lower respectively.

Transfers between levels of the fair value hierarchy
There were no transfers between levels 1 and 2 during the year.

Changes in valuation technique
There has been no change in valuation techniques used during the year.

Reconciliation of fair value measurements for assets at fair value within level 3

Description	31 March 2021 Non-traded securities £000	31 March 2020 Non-traded securities £000
Opening balance	36,450	34,550
Transfers into level 3	-	-
Transfers out of level 3	-	-
included in the surplus/(deficit) on the Provision of Services	2,228	2,350
included in Other Comprehensive Income and Expenditure	-	-
Total gains/(losses) for the period:	**2,228**	**2,350**
Additions	100	100
Disposals	(200)	(550)
Closing balance	**38,578**	**36,450**

Gains and losses included in the surplus / (deficit) on the provision of services for the current year primarily relates to the investment in the Bristol Port Company (+£2m).

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	**31 March 2021**		31 March 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Cash & Cash Equivalents	20,702	20,702	**0**	**0**
Public Works Loan Board (PWLB)	333,690	501,500	**343,909**	**480,200**
Lender Option Borrower Option	70,865	108,400	**70,663**	**99,400**
Market Debt	50,469	74,700	**50,473**	**69,200**
Current Creditors	212,688	212,688	**192,607**	**192,607**
Service Concessions	121,473	192,673	**128,244**	**200,508**
Other	524	524	**305**	**305**
Total Liabilities	**810,411**	**1,111,187**	**786,201**	**1,042,220**

The Group has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £1.244bn an increase of £156m which is calculated using early repayment discount rates. The Group has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value for financial liabilities and assets has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

The fair value of the liabilities is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	64,983	64,983	33,076	33,076
Cash and Cash Equivalents	46,832	46,832	74,153	74,153
Non-current investments	-	-	1	1
Current Debtors	95,952	95,952	82,203	82,203
Non-current debtors	1,000	1,000	10,786	10,786
Total Financial Assets	**208,767**	**208,767**	**200,219**	**200,219**

The fair value of the assets is the same as the carrying value due to the majority of these assets having a maturity of less than 12 months or is a trade or other receivable where the fair value is taken to be the carrying amount or the billed amount.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
Descriptions	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservabl e inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements using:						
Financial Liabilities held at Amortised Cost						
Cash & Cash Equivalent		20,702				
Public Works Loan Board (PWLB)		333,690			343,909	
Lender Option Borrower Options		70,865			70,663	
Market debt		50,469			50,473	
Service Concessions		123,621			128,244	
Other		524			305	
Total		**599,871**			**593,594**	

Financial Assets held at amortised cost		
Current Investments	64,983	33,076
Cash and Cash Equivalents	46,832	79,927
Non-current Investments	-	1
Non-current Debtors	1,000	1,009
Total	**112,815**	**114,013**

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

G11 Nature and Extent of Risks Arising from Financial Instruments

The Group'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 Group.

Liquidity risk – the possibility that the Group might not have funds available to meet its commitments to make payments.

Re-financing risk – the possibility that the Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

Market risk – the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and money market movements.

The Group'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, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Group 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. These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Group's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 25 February 2020 and is available on the Council website.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria;

UK institutions provided with support from the UK Government;

The Group's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and 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 irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

Allowance for Credit Losses

The following analysis summarises the Group's potential maximum exposure to credit risk on financial assets valued at amortised cost, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	**%**	**%**	**£000**	**£000**
	A	**B**	**C**	**(A*C)**	
	31-Mar-21	**31-Mar-21**	**31-Mar-21**	**31-Mar-21**	31-Mar-20
Current Investments:					
Local Authorities	45,013	0.00%	0.00%	-	-
AA rated counterparties	15,585	0.02%	0.02%	3	-
A rated counterparties	30,515	0.06%	0.06%	18	24
Sub-total	**91,113**			**21**	**24**
Trade debtors	95,952			-	-
Non-current debtors	1,000			-	-
Total Financial assets	**188,065**			**21**	**24**

The estimated maximum exposure for credit loss for Treasury investments is £21k and therefore no allowance for credit loss have been made for these assets.

No credit limits were exceeded during the reporting period and the Group does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Group does not generally allow credit for its trade debtors, including amounts due from government departments and other Local Authorities.

The risk of loss for trade receivables is minimised by a combination of the following:

Wherever possible obtaining payment in advance of service delivery
Availability and encouragement to pay by direct debit
A wide range of payment options available, including by telephone, internet, banks and retail networks (via the Allpay solution i.e. Payzone, Paypoint and Post Offices)
Having a standardised recovery process including reminder letters and statement of accounts
Utilising a corporate Debt Management Team to take an ethical debt approach to all types of debt with referral to External Debt Collection agencies or instigating Court claims only used as a last resort
Negotiating flexible repayment plans for overdue debt where necessary

The write off of a debt is always the last option available and is only taken when all other appropriate measures have been taken to recover payment, and in cases of bankruptcy.

The bad debt provision is calculated by reference to the Group's historic experience with the provision being applied to debts over 60 days old and the value increasing according to the age of the debt.

Current debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-20
	£'000	£'000	£'000	£'000
Local tax payers	35,192	(19,626)	15,566	**6,099**
Housing rents	13,123	(10,091)	3,032	**2,880**
Other - sundry debtors	149,905	(32,724)	117,181	**107,613**
Total Other Entities and Individuals	**198,220**	**(62,441)**	**135,779**	**116,592**
Central Government bodies	10,561	-	10,561	**11,047**
Other local authorities	1,571	-	1,571	**1,636**
NHS bodies	160	-	160	**749**
Total debtors	**210,512**	**-**	**148,071**	**130,024**
Balance sheet debtors	**210,512**	**(62,441)**	**148,071**	**130,024**
Current debtors not qualifying as a financial instrument under IFRS	(71,745)	19,626	(52,119)	**(36,244)**
Current debtors qualifying as a financial instrument under IFRS	**138,767**	**(42,815)**	**95,952**	**93,780**

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2021 £'000	31 March 2020 £'000
Less than three months	30,047	34,073
Three to four months	1,759	4,313
Four months to one year	15,276	9,474
More than one year	46,848	38,862
Total	**93,930**	**86,722**

Liquidity risk

The Group has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Group has ready access to borrowings from the money markets to cover day-to-day cash flow need and the Public Works Loans Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than 1 year	309,243	262,800
Between 1 and 2 years	339	438
Between 2 and 3 years	324	15
More than 3 years	38,915	37,006
Total	**348,821**	**300,259**

The maturity analysis of financial liabilities is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than 1 year	241,573	219,387
Between 1 and 2 years	11,786	6,803
Between 2 and 3 years	7,163	11,786
More than 3 years	549,889	553,604
Total	**810,411**	**791,580**

Refinancing and Maturity risk

The Group maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Group relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Group's day-to-day cash flow needs, and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Group's debt portfolio along with the Groups' approved minimum and maximum exposure is shown in the table below.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2021 £'000	%	Actual 31 March 2020 £'000	%
Less than 1 year	-	30	4,966	1	14,778	3
Between 1 and 2 years	-	40	5,000	1	-	-
Between 2 and 5 years	-	40	20,000	4	10,000	2
Between 5 and 10 years	-	50	34,000	7	49,000	11
More Than 10 Years	25	100	391,488	87	391,488	84
Total			**455,454**	**100**	**465,266**	**100**

Included within the maturity profile are £50m of LOBOS with maturities averaging 40 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

Market risk

The Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group. For instance, a rise in variable and fixed interest rates would have the following effects:

Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

At 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2021 £'000
Increase in interest receivable on variable rate investments	1,966
Impact on Surplus or Deficit on the Provision of Services	1,966
Share of overall impact debited to the HRA	1,193
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	264,600

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Foreign exchange risk

During 2020/21 the Group received monies denominated in Euro's relating to the receipt of European grant. The Group also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

Prior Period Adjustments

1. The prior period adjustments below relate to Revenue expenditure funded from capital under statute (REFCUS). These notes have been amended in accordance with the Code of practice on local authority accounting and it should be noted that this amendment does not affect any balances on the primary statements.

Note 18 Adjustments between Accounting Basis and Funding Basis under Regulations	**General fund balance 2019/20 As Originally Stated £'000**	**General fund balance 2019/20 As Restated £'000**	**General fund balance 2019/20 Restatement £'000**
Revenue expenditure funded from capital under statute	(7,416)	(25,888)	(18,472)
Capital Grants and Contributions	33,663	52,135	18,472

Note 26 Capital Expenditure and Financing	**2019/20 As Originally Stated £'000**	**2019/20 As Restated £'000**	**2019/20 Restatement £'000**
Capital Investment Revenue expenditure funded from capital under statute	10,225	28,697	18,472
Sources of finance Government grants and other contributions	(34,898)	(53,370)	(18,472)

Note 33 Unusable Reserves – Capital Adjustment Account	**2019/20 As Originally Stated £'000**	**2019/20 As Restated £'000**	**2019/20 Restatement £'000**
Reversal of items relating to capital expenditure debited or credited to CIES Revenue expenditure funded from capital under statute	10,225	28,697	18,472
Capital financing applied in the year Capital grants and contributions credited to CIES that have been applied to capital financing	(34,898)	(53,370)	(18,472)

2. The prior period adjustments below reflect the changes made to the Group MIRS to realign the net position between various components of the group.

Group Movement in Reserves Statement	**2019/20 As Originally Stated £'000**	**2019/20 As Restated £'000**	**2019/20 Restatement £'000**
Council Share of Subsidiaries - Movements in Reserves during 2019/20			
Surplus or (deficit) on the provision of services	42,119	(33,793)	(75,912)
Other Comprehensive Expenditure and Income	-	16	16
Adjustments between group accounts and authority accounts	(37,948)	37,948	75,896

Audit Committee

30 May 2023

Report of: *Director of Finance*

Title: Draft Statement of Accounts 2022/23

Ward: *City Wide*

Officer Presenting Report: *Denise Murray*

Contact Telephone Number: *0117 3576255*

Recommendation

The Audit Committee note, and comment on as appropriate, the draft, unaudited, Statement of Accounts for 2022/23.

Summary

The Statement of Accounts sets out the Council's financial position as at the 31 March 2023 along with a summary of its income and expenditure for the year to 31 March 2023. The financial statements are the main method of demonstrating financial accountability and stewardship.

The deadline for the publication of the draft accounts on the Council's website has returned to 31 May 2023, following an extension to 31 July for the last two years.

Paragraph 6 of this report includes a summary of significant events, changes and transactions impacting on the accounts in 2022/23.

Policy

None affected by this report. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements, namely the Local Audit and Accountability Act 2014.

Consultation

1. **Internal**
   Director of Finance

2. **External**
   None

3. **Background and Context**

1. Although the historic decision to bring forward the timetable for publishing Local Authorities financial statements was a major challenge the Council successfully met the 2017/18 and 2018/19 timeframes in closing its accounts. However, members will be aware that due to the unprecedented circumstances due to COVID 19 the closure of accounts deadlines were extended in 2019/20, 2020/21 and 2021/22

2. The Accounts and Audit (amendment) Regulations 2022 came into force on 22 July 2022 and extended the deadline for the publication of final audited accounts to 30th November for 2021/22 accounts and then 30th September for 2022/23 accounts and the following 5 years. Therefore, the deadline for publishing unaudited accounts has reverted back to the 31st May for the 2022/23 accounts.

3. The public inspection of the accounts now reverts back to the first working day in June. Members of the public and other interested parties then have 30 working days to request access to documents relating to the financial statements for 2022/23 and related notes. Requests for information are subject to restrictions around commercial confidentiality and the protection of personal information.

4. During the same period a local elector may also raise questions relating to the accounts with the External Auditor.

5. A notice setting out the rights to public inspection of the accounts along with relevant contact details will be published at the end of July on the Council's website. The audit of the accounts will commence soon after the publication. Full details of the audit plan and timetable are yet to be issued by Grant Thornton, which sets out the timing of the audit and expected date of accounts sign off.

6. Significant events, changes, and transactions in 2022/23 include:

I. Useable reserves have reduced overall by £66m. A significant factor contributing to this reduction is the use of £43.5m COVID related funding received in 22/22 but required for use in 22/23. £35m of this related to business rates relief for retail hospitality and leisure was directly required to offset losses in the collection fund carried forward into 22/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2021/22 are charged to the General Fund in future years. A further £18.3m of reserves were applied during the course of the year to help mitigate service budget variations. Other significant reserve drawdowns include £5.4m S256 grant - Healthier Together Funding for Integrated Care and the use of the General Reserve to fund the £2.7m overspend in 2022/23.

II. In year overspends on schools' revenue reserves of £6.3m resulted in a deficit of £1.2m being carried forward in reserves. HRA reserves were reduced by a net £5.7m. This included a drawdown of £2.8m for one off fire safety (Walking Watch) and IT transformation expenditure and £2.9m from the Major Repairs reserve to fund the capital programme.

III. New reserves created at the end of the year include:

- Clean Air Zone reserve for grant funding of £5.1 million.
- Clean Air Zone reserve for operational surpluses of £7.4 million.
- Family Hubs & Start for Life Programme reserve to deliver on the aims and objectives of this grant-funded programme of £0.9 million.

IV. At the end of 2022/23 the deficit on the Dedicated Schools Grant (DSG) adjustment account has increased by £15m, to £39.6m. The main area for concern continues to be the High Needs block where the cumulative overspend is now £42.5m. This is partially offset by underspends in the Schools Block, Early Years Block and the high needs transformation programme.

V. The Council has several commercial investments and loans which are expected to generate both a commercial and social return. Details of such transactions with the Council's subsidiary companies are outlined in the Narrative Report to the Accounts. The main changes to the company structure in 2022/23 was the sale of Bristol Heat Networks Ltd (BHNL) to Vattenfall Heat UK Limited on 4 January 2023. At the point of sale all loan facilities have been repaid in full. The financial results of BHNL to the point of sale have been consolidated into the Council's group accounts.

VI. In December 2022 Cabinet approved the granting of a 20-year concession to Ameresco UK Limited, the formation of the City Leap Energy Partnership Joint Venture company. As there are no material transactions during the year with the joint venture company, and the Council has no overall control, as both the Council and Ameresco UK Limited each have two Directors each on the Board, the City Leap Energy Partnership has been disclosed as a related party in the Council's accounts.

VII. A national issue has arisen around the 2022 triennial valuation, which may impact on the accounts for 2021/22. Certain assumptions were made by the Actuary, including the derivation of the defined benefit liability from a roll forward of the 2019 valuation. Actuaries have been asked to consider whether this will result in material changes to the 2021/22 results and therefore the brought forward figures in the actuarial reports, and therefore the Council's accounts as at 31 March 2022.

VIII. The actuarial report made available to BCC to make the relevant adjustments to the 2022/23 accounts includes actual figures as at 31 March 2023, but unadjusted figures for the 2021/22 brought forward values. These may therefore need to be adjusted in due course when a revised actuarial report is issued.

IX. The deficit on the Pension Fund has reduced by £670m from £1.026bn to £356m (based on existing brought forward figures.) This was due to significant changes in some of the assumptions used by the actuary. Notably, a significant increase in the rate used to discount post-employment benefit obligations (from 2.8% to 4.8%), along with improved inflation forecasts has significantly reduced liabilities. The current funding level at 31 March 2023 is an estimated 95% based on the 2022 funding plans.

X. The number of non-school employees earning more than £50k has increased by 95, from 268 in 21/22 to 363 in 22/23. Of this increase, 74 are in the first three bands over £50k. The majority of these were service managers graded BG15 and TP1 and relates to an increase in the cost of living pay award applied during the year. This increase also includes the progression of some staff from an "appointment rate" to a "competency rate". This is achieved by evidencing certain performance criteria.

7. The Annual Governance Statement is not included within these papers as it is covered under a separate report. However, it will be incorporated into the full Statement of Accounts when published on the Council's website at the end of May.

Other Options Considered

Not applicable

Risk Assessment

None necessary for this report

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1: Draft Statement of Accounts 2021/22

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

Draft Statement of Accounts

Bristol City Council,
for the year ended
31 March 2023

(Subject to audit)

The Accounts and Audit Regulations 2015 require the city council to prepare a set of Financial Statements. The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

BRISTOL CITY COUNCIL

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Notes supporting the Balance Sheet

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ACCOUNTING PERIOD - This is the length of time covered by the accounts. This is normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES – The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

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

ACTUARY - An independent consultant who advises on the financial position of the Pension Fund.

ACTUARIAL GAINS AND LOSSES - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because either:

Events have not coincided with the actuarial assumptions made for the last valuation; or

The actuarial assumptions have changed

ACTUARIAL VALUATION - Every three years a review is carried out by the actuary on the Pension Fund's assets and liabilities reporting to the Council on the Fund's financial position and recommended employers' contribution rates.

AMORTISATION - The writing off, of a loan balance or intangible asset over a period to revenue.

ANNUAL GOVERNANCE STATEMENT – The annual governance statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

ASSET - An asset is something that the Council owns that has a monetary value. Assets are either current or long term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors)
- A long term (fixed) asset provides the Council with benefits for a period of more than one year (e.g. property, plant, and equipment).

BALANCE SHEET - The Balance Sheet is a financial statement summarising the overall financial position of the Council at the end of the financial year.

BILLING AUTHORITY - The billing authority is responsible for levying and collecting the Council Tax in its area, both on its own behalf and that of its precepting authorities.

BUDGET - The budget represents a statement of the Council's planned expenditure and income.

CAPITAL ADJUSTMENT ACCOUNT - This is the money set aside in the Council's accounts for capital spending and to repay loans.

CAPITAL CHARGES - This is a charge made to the Council's service revenue accounts to reflect the cost of utilising property, plant, and equipment in the provision of services.

CAPITAL EXPENDITURE - Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

CAPITAL FINANCING - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

CAPITAL RECEIPT - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

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 short-term, highly liquid investments that are readily convertible to cash, for example bank call accounts.

CODE - The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

COLLECTION FUND – A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities and the NNDR pool. The fund must be maintained separately from the Council's General Fund.

COMMUNITY ASSETS - Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

COMPRESHENSIVE INCOME AND EXPENDITURE ACCOUNT – A statement which details the total income received and the expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

CONTINGENT ASSET - A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITIES - A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council

  or

- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

COUNCIL TAX - A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE - An amount calculated by the billing authority, by applying the band proportions to the total properties in each band to ascertain the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

CREDITORS - Amounts of money owed by the Council for goods or services received.

CURRENT ASSETS - Items that can be readily converted into cash.

CURRENT LIABILITIES - Items that are due to be paid immediately or in the short term.

DEBTORS - Amounts of money owed to the Council for goods or services provided.

DEDICATED SCHOOLS GRANT (DSG) - A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION - A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

DIRECT REVENUE CONTRIBUTIONS - Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES - Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EXIT PACKAGES - The cost to the Council of early termination of staff employment before normal retirement age.

EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS) - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXTERNAL AUDITOR - The auditor appointed by the Public Sector Audit Appointments (PSAA) to carry out an audit of the Council's accounts. The current auditor is Grant Thornton.

FAIR VALUE - Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

FINANCE LEASE - A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

FINANCIAL YEAR - The local authority financial year starts on 1 April and ends on the following 31 March.

GENERAL FUND - This is the main revenue account of the Council. The fund includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and the City Council's share of Council Tax. It excludes the Housing Revenue Account. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

GOVERNMENT GRANTS - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

GROUP ACCOUNTS – Where a Council has a material interest in another organisation (e.g. a subsidiary organisation) group accounts must be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.

HERITAGE ASSET - Assets held and maintained principally for their contribution to knowledge and culture. Examples of Heritage Assets are historical buildings, civic regalia and museum and gallery collections.

HOUSING REVENUE ACCOUNT (HRA) - The HRA includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA.

IMPAIRMENT - This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS – Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

INTANGIBLE ASSETS - Assets which do not have a physical form but provide an economic benefit for a period of more than one year for example software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) – International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

INVENTORIES – Goods that are acquired in advance of their use in providing services of their resale.

LEASING - Method of financing the acquisition of capital assets, usually in the form of operating or financing leases.

LIABILITIES - Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

MAJOR REPAIRS RESERVE (MRR) - This reserve is for capital expenditure on HRA assets.

MINIMUM REVENUE PROVISION (MRP) - A statutory amount, that must be charged to revenue, to provide for the redemption of debt.

MOVEMENT IN RESERVES STATEMENT – This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

NATIONAL NON-DOMESTIC RATE (NNDR) – More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. Since 1 April 1990 the poundage level has been set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

NET BOOK VALUE - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

NON-CURRENT ASSETS - Assets which yield a benefit to the Council for a period of more than one year.

NON-OPERATIONAL ASSETS - Fixed assets held by a Council, but not directly occupied, used, or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

OPERATING LEASE - This is a lease where the effective ownership of the asset remains with the lessor.

OPERATIONAL ASSETS - Fixed assets held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

OUTTURN - This is the actual level of expenditure and income for the financial year.

PENSION FUNDS - For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

PENSION STRAIN - The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

PRECEPT - This is the method by which a precepting authority (Avon and Somerset Police & Crime Commissioner, Avon Fire Authority) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

PRIOR YEAR ADJUSTMENT - A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

PRIVATE FINANCE INITIATIVE (PFI) - PFI started in 1997/98 and offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PROPERTY, PLANT AND EQUIPMENT (PPE) - Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

PROVISIONS - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

PRUDENTIAL CODE - The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. To demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

PUBLIC WORKS LOAN BOARD (PWLB) - A body, part of the Debt Management Office (a government agency) which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the national Loans Fund and rates of interest are determined by the Treasury.

RATEABLE VALUE - The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of nondomestic properties. Business rate bills are set by multiplying the rateable value by the year's NNDR poundage (which is set by the Government). Domestic properties no longer have rateable values; instead they are assigned to one of the eight council tax valuation bands.

RELATED PARTIES - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies' precepting or levying demands on the Council Tax, its members and its chief officers.

RESERVES - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

REVALUATION - Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

REVENUE EXPENDITURE – The regular day to day running costs of items including salaries and wages and other running costs incurred to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS) - Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

SURPLUS ASSETS - Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

SOFT LOANS - Funds received and advanced at less than market rates.

UNSUPPORTED BORROWING - Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

USABLE CAPITAL RECEIPTS - This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

Introduction

The 2022/23 financial year has seen the city take a number of steps forward towards meeting the ambitions of the One City Plan whilst facing a number of ongoing and emerging challenges.

Global events have played a significant part in shaping our financial year, with the war in Ukraine and the associated impacts on international energy and financial systems taking its toll locally. The impacts of these events on energy prices partly driven a national cost of living crisis that's impacted the cost of goods and services which in turn has put a financial strain on local government.

Despite these challenges, we have prioritised support for those feeling the effects of the national cost of living crisis by continuing to fully fund our Council Tax Reduction Scheme, distributing support from the Household Support Fund and providing emergency payments from the Local Crisis Prevention Fund.

This past year we've spent over £1 billion on local services and projects aimed at meeting the ambitions of our Corporate Strategy and the goals of the One City Plan. We have progressed our plans to ensure homes are being built, building over 300 affordable homes last year with nearly 4,500 new affordable homes in the pipeline over the next five years. Our ambitious plans to become a carbon neutral city have also taken a big step forward with further action being taken to decarbonise across all sectors.

This past year's highlights include:

- Securing an agreement to form our landmark City Leap Partnership – a twenty-year joint venture between Bristol City Council, Ameresco and Vattenfall Heat UK. The partnership will see nearly £500 million invested in a range of infrastructure projects in the first five year including the significant expansion of Bristol's award-winning Heat Network, create nearly 1000 new jobs and remove approximately 140,000 tonnes of carbon from the economy.
- Launching the city's new Clean Air Zone to reduce air pollution down to legal and safe levels. The zone was launched with a £42 million package of support to help communities and businesses transition to cleaner transport options.
- Securing significant government investment of £94.7 million in our landmark Temple Meads and Temple Quarter regeneration. This scheme will unlock the potential of the area and deliver up to 22,000 new jobs and 10,000 new homes for the city.
- Opening the city's third household waste and recycling centre at Hartcliffe Way. This followed a £7 million investment by the council to deliver the site which opened in June 2022.
- Responding to the national cost of living crisis; supported the creation of a network of 105 welcoming spaces, and administered the delivery of national support to reduce council tax bills and help pay for energy costs
- Taking action to improve the fire safety of all council tower blocks by agreeing a £96 million package of investment in new safety inspections and the introduction of new measures such as additional fire alarms, new cladding systems and sprinklers
- Supporting our high streets to recover from the impacts of the COVID-19 pandemic by securing £4.75 million of funding to provide grants to those businesses in need. These grants are being used to put on events and activities aimed at encouraging people back to the high street and increase footfall in retail areas.

- Stepping up to open the city to refugees fleeing conflict from countries such as Afghanistan, Syria and Ukraine. Hundreds of refugees were supported with accommodation in Bristol last year and the council continues to provide support to help people to settle in the UK
- Securing a £14.5 million investment from the national Levelling Up Fund to deliver new homes, create jobs and bring a boost to the local high street. This investment adds to the £800,000 of council funds already approved to deliver new community facilities in the area
- Finalising the agreement to invest £7 million of council funding in a new world-class Youth Zone for children and young people. Working alongside sector partners, the zone will be based in South Bristol and represents a significant investment in youth services in the area
- Moving forward with much needed maintenance works of the city's harbour infrastructure by committing £1.5 million to the extensive refurbishment of Gaol Ferry Bridge and agreeing half a million pounds to install floating eco-systems around new pontoons, providing an additional 34 berths in the harbour at Capricorn Quay
- Rolling out an extensive street light replacement programme that will see new 27,000 LED lights installed, reducing energy consumption by up to 50%, cutting over 17,000 of carbon emissions and saving the taxpayer £1.8 million a year
- Continuing to support children and families through the holidays with further investment of £1.85 million in our city's Your Holiday Hub programme which saw over 32,000 spaces made available for children and young people last year
- Supporting young people into the world of work through delivering 131 apprenticeships in the council last year through our construction industry training scheme, OnSite
- Delivered a balanced and legal budget that preserves plans to spend and invest over £1 billion on delivering critical services and a variety major improvement projects.

Whilst financial pressures continue to require us to maintain a vigilant watch on spend and income, we remain committed to our principles and our ambition of building a city of hope and ambition. Across transport, housing, climate and ecology, economy, social care, education and all other local government sectors, we are pressing ahead with action that will deliver benefit for communities.

The measures we have in place to manage our finances remain robust and continue to drive strong financial performance. Through constant forecasting and an ever present view of our present performance we continue to navigate the challenges of the national cost of living crisis and the impacts of Brexit and the COVID-19 pandemic to deliver value for money services for the people of Bristol.

Councillor Craig Cheney

Deputy Mayor – City Economy Finance and Performance

Narrative Report

The narrative report provides information on the council, its main objectives, link between our resources, our strategy, how we've helped deliver intended outcomes and created value throughout 2022/23 and the principal risks to which the council is exposed. The content of the narrative report is as follows:

Background

Our Services

Our performance

Financial Performance

Background

Bristol is the largest city in the south west of England, covering an area of 110 square kilometres. It is the 10th largest city in the United Kingdom and one of the 11 Core Cities. It has a population of around 463,000 living in approximately 203,500 dwellings.

Bristol is the largest city in the south west of England, covering an area of 110 square kilometres. It is the 10th largest city in the United Kingdom and one of the 11 Core Cities. It has a population of around 463,000 living in approximately 203,500 dwellings.

Welcome to our Narrative Report which aims to demonstrate a clear link between our resources, our strategy and our performance in a transparent and accessible way. It shows how we've helped deliver intended outcomes and created value throughout 2022/23, and how we are planning ahead to respond as effectively as possible to future challenges.

Bristol is part of the West of England Combined Authority and is well connected by road, rail, sea and air. It has one of the most vibrant and successful economies in the UK and from Brunel to Banksy has a history of achieving great things. Within the West of England, Bristol is the primary economic centre with nearly half of all the jobs (44.8%) and enterprises (40.1%).

The city has a growing global reputation and has been recognised for its efforts across many different sectors. The city is a UNESCO City of Film as well an UNESCO Learning City.

Despite Bristol's ongoing response to the national cost of living crisis, a number of challenges continue to impact the city and its population:

- The housing crisis persists, and efforts continue to be made to deliver much needed housing to meet the needs of the 19,000 people on the council's housing register and over 1,200 people in temporary accommodation. To address this the council is investing over £1.8 billion over 30 years in delivering a housing business plan and supporting projects across the city to deliver new housing, with a particular focus on affordable housing, and working with regional partners to develop plans to allocate land for house building in the future.
- The twin challenges of the climate and ecology crises are being met through working together as a city to meet the goals of the One City Plan. The plan sets out annual goals to meet to the year 2050 that would see the city become carbon neutral and climate resilient by 2030. These plans will also see large areas of the city protected and improved for wildlife to encourage bio-diversity and halt the decline in species seen in recent decades.
- The city continues to prioritise the needs of the most vulnerable and has undertaken significant efforts to ensure support is available. From continuing financial support for low-income families, delivering free school meals for families, working across sectors to promote food sustainability and publishing the Bristol Belonging Strategy to give children the best possible start in life. Despite these challenges Bristol is still a city of hope and ambition.

Our Services 2022/23

The following core services are provided by the council:

Core Services:

Adults, Children, Education and Public Health:

- Education, Learning and Skills Improvement
- Safeguarding vulnerable adults and children
- Social care and support for adults including the elderly
- Support for carers Commissioning services
- Public Health General Fund
- Coordinates Bristol's response to crime, community safety and antisocial behaviour

Growth & Regeneration:

- Museums and Culture
- Property
- Economic development
- Energy services
- Library services
- Community Services Parks and open spaces
- Licencing
- Housing and Landlord Services

Resources:

Provides internal support services including:

- Digital Transformation and ICT
- Finance, Workforce and Change
- Policy Strategy and Communications
- Legal and Democratic Services

Ring-fenced Accounts:

Housing Revenue Account:

- Accounts for the management and maintenance of around 26,833 council homes in Bristol.

Dedicated Schools Grant:

- Grant funding the majority of the council's expenditure on schools and supporting children with additional and special educational needs and disabilities (SEND). The grant can only be used to meet expenditure properly included in the schools budget.

Public Health:

- An annual ring fenced grant from the Department of Health. Funds the council's statutory duties to improve public health.

We work with local partners (including charities, businesses and other public services providers like the police and the NHS) and residents to determine and deliver local priorities. Typically councils like us provide over 700 services, either directly ourselves or by commissioning services from outside organisations.

Our Leadership and Workforce:

Our 70 elected councillors represent the people of Bristol and set the overall policy of the council.

- **Mayor, Marvin Rees**, elected mayor for Bristol, with city council responsibilities that include ultimate responsibility for all major policy decisions, setting the vision and direction of the council; and making 'executive' decisions within the budget and policy framework set by Full Council.
- **Our workforce** - Overall, our workforce comprises 7,157 'full time equivalent' employees. Of this total, 1,809 are employed within our locally maintained schools.

Our Services 2022/23

- **The One City Plan** - The One City Approach brings together a wide range of public, private, and third sector partners within Bristol. They share an aim to make Bristol a fair, healthy and sustainable city. The One City Plan describes where we want to be by 2050, and how city partners will work together.
- **Governance** - We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, intelligent and open decision making, and accountability and transparency.
- We have set out our governance standards in our Code of Corporate Governance, which explains how the vision and values of the organisation are at the heart of the Council's approach to governance. The CIPFA Financial Management code sets the professional standard for good and sustainable financial management to which local authorities must comply.
- Our Annual Governance Statement reviews the extent to which we have met the standards in both codes, and describes the progress made throughout the year in addressing our key governance challenges and areas for further improvement action.

Our Performance

All statistics on the next two pages are the most up to date statistics available at the time of publication

Key facts: Communities & living

75% of residents are satisfied with their local area as a place to live. (Bristol Quality of Life survey 2022) (**74%** 2021)

74% felt that people from different backgrounds get on well together in their local area.

70% of residents think air quality and traffic pollution is a problem locally (QoL 2022). (Was **75%** in QoL 2021)

21% of residents reported below average levels of mental wellbeing (QoL 2022) (Was **20%** in QoL 2021).

Key facts: Housing

2,563 new homes built in Bristol in 2021/22 (**1,589** 2020/21)

Housing tenure:
54.8% Owned
18.7% Social rent (inc Council)
26.4% Private rent
(Census 2021)

£ homes

309 affordable homes built in Bristol in 2022/23 (**474** 2021/22)

Prevented **1,536** households from becoming homeless during 2022/23

1,252 households living in Temporary Accommodation (as of end March 2023) [Was **1,137** at end March 2022]

48 people sleeping rough in a single night in Bristol compared with **45** in March 2022. (BCC bi-monthly count - March 2023)

Key facts: Adult Social Care

3,795 adults receiving a community-based social care support(**3,745** end 3/22

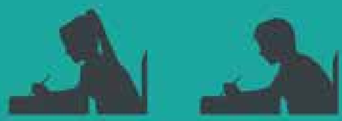
1,420 18+ Care Home places funded (end 3/23)

Our performance

Key facts: Culture & Creativity

32% participate in cultural activities at least monthly (2022)
(**32%** 2021)

Key facts: Education



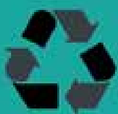
85% rated as Good or Better for overall effectiveness by OFSTED (March 2023)
(**81.3%** March 2022)

Key facts: Transport and sustainability

Number of people who ride a bike at least weekly **25%**
(**27%** 2021)

32.7M

Bus passenger journeys in 2022/23
(from **29.9M** in 2021/22)



45% of all household waste was sent for reuse, recycling and composting in 2022/23
(**44%** 2021/22)

39.6kg of waste per household was landfilled in 2022/23

compared with **83kg** in 2021/22

Key facts: Economy & employment

264,600 working age residents were economically active in December 2022.

Gross annual pay

Financial Performance

The council is a large and diverse organisation, and our accounts are by their nature technical and complex. This section of the report provides a high level analysis of our financial performance within 2022/23 and compliments the more detailed financial statements published within the accounts. It shows how our position at the end of the financial year relates to our budget and the key variances.

Revenue Financial Summary 2022/23

Revenue spending relates to the day-to-day running costs required for the council's operations, including direct costs such as staffing and utilities costs and services which are commissioned and delivered on the council's behalf.

Approved Budget

The original revenue budget and council tax was agreed by Council 2 March 2022 with a total net budget for the council services of £431.1 million (£424.1 million in 2021/22) and a gross budget of £1,091 million (£1,040 million in 2021/22). This reflected an increase in council tax for Bristol City Council purposes of 2.99% (including 1.99% for general purposes and 1% Adult Social Care Precept).

Income from fees and charges and many specific grants are applied directly to services to determine our net budget. Our net revenue budget reflects the total amount of corporate resources available to us and contains costs funded from retained business rates, council tax receipts, other specific and general government grants and use of reserves.

The net revenue budget was increased by £12.8 million due to a net movement of general and ear-marked reserves to the last revised budget of £443.9 million.

The table below shows the budget per directorate for 2022/23.

Financial performance

Service Net Expenditure Summary	Full Year 2022/23 Approved Budget	Revised Budget	Outturn	Projected Outturn Variance
1 - People	£000s			
Total 1 - People	252,371	295,001	301,690	6,690
2 - Resources				
Total 2 - Resources	42,547	54,884	55,239	355
4 - Growth and Regeneration				
Total 4 - Growth and Regeneration	61,829	62,792	66,123	3,331
Service Net Expenditure	**356,747**	**412,677**	**423,052**	**10,375**
x2 - Levies	10,866	10,866	10,867	1
x3 - Corporate Expenditure	35,396	7,105	2,447	(4,658)
x4 - Capital Financing	22,495	13,797	11,641	(2,156)
x9 - Corporate Allowances	5,595	(502)	(1,079)	(577)
Total Revenue Net Expenditure	**431,100**	**443,943**	**446,929**	**2,985**

The budget recognised that the financial implications of the pandemic would continue into 2022/23 and beyond. Areas materially affected were mainly in relation to Adult and Children Social Care, Home to School Transport, homelessness, energy and income collection. When the budget was set, additional growth funding was made available on a recurrent basis to support further pressures, including expectations of growth in demand for services as an impact of the recovery from the pandemic, inflation trends accelerating beyond national targets and wholesale energy prices beginning to increase rapidly from the second half of 2021. The 2022/23 budget included £50.9 million of anticipated service and corporate growth, both allocated and/or corporately held. This was funded via £48.7 million government grants, identified £18.1 million of savings and other planned mitigations and £4.0 million general reserve.

2022/23 - Outturn summary after mitigations and budget amendments

Service Net Expenditure Summary	Approved Budget £000s	Outturn £000s	Outturn Variance £000s	Total Mitigations and Budget Amendments £000s	Revised Outturn Variance £000s
	Full Year 2022/23				
1 - People	252,371	301,690	49,319	42,630	6,690
2 - Resources	42,547	55,239	12,692	12,337	355
4 - Growth & Regeneration	61,829	66,123	4,294	963	3,331
SERVICE NET EXPENDITURE	**356,747**	**423,052**	**66,305**	**55,930**	**10,375**
X2 - Levies	10,866	10,867	1	0	1
X3 - Corporate Expenditure	35,396	2447	-32,949	-28,291	-4,658
X4 - Capital Financing	22,495	13,797	-11,098	-8,942	-2,156
X9 - Corporate Allowances	5,595	-1,079	-6,674	-6,097	-577
TOTAL REVENUE NET EXPENDITURE	**431,100**	**449,084**	**15,585**	**12,600**	**2,985**

The underlying additional cost is £57.9 million prior to mitigating adjustments and these were mitigated as follows:

- additional savings initiatives of £9.5 million (adjusted in the recovery schedule to £10.0m to allow for £0.5m of corporately held savings);
- earmarked and general reserves £18.3 million including £4.6 million from the General Reserve, to be used to mitigate pressures attributed to pay awards
- £10.6 million opening technical budget virements
- An underspend of £6.4 million capital financing, interest and dividends, mainly because it was not necessary to secure new external loans during the year
- Application of £3.6 million of contingency set aside for savings optimism bias and non-deliverability

The net General Fund outturn expenditure post mitigations is £446.9 million which compared to the last revised budget of £443.9 million, resulted in an in-year overspend of £3.0 million (£0.9m surplus in 2021/22), after mitigations. This overspend has been funded from:

- £3.0 million further drawdown from the General Reserve, to mitigate inflationary and other final cost pressures

The gross cost of services during the year was £1.375 billion (£1.285bn 2021/22). This includes both General Fund services and the Housing Revenue Account (HRA). After deducting specific grants and income from fees and charges, the net cost of services was £547.7 million (£504.1m in 2021/22). A reconciliation between the £470.8 million outturn against the £547.7 million net cost of service is shown in the following table.

EFA Table

Full Year 2022/23

Outturn agreed by Cabinet		Adjustments to Outturn				Net cost of service
		Note 1	Note 2	Note 3	Note 4	
	£'000	£'000	£'000	£'000	£'000	**£'000**
People	**301,690**	**-26,240**	12,837	9,459	**-598**	**297,148**
Resources	**55,239**		7,443	8,632	**96**	**71,411**
Growth and Regeneration	66,123	7,668	65,324	10,506		**149,621**
Housing Revenue Account (Note 5)	**2,781**	**-11,671**	1,769	5,127		**-1,994**
Dedicated Schools Grant	**21,053**	**-119**	0	8,132		**29,066**
Corporate Funding and Expenditure	**23,876**	**-11,917**	-9,702	824	**-672**	**2,409**
	470,762	-42,279	77,761	42,681	-1,174	**547,661**

Note 1: **Removal of interest receivable & paid and reserve adjustments to Corporate Funding & Expenditure**

Note 2: **Capital adjustments for depreciation, impairment, revaluations and capital financing**

Note 3: **Pension adjustments**

Note 4: **Reserve movement for the DSG and adjustments to the collection fund**

Note 5: **The surplus on the HRA is transferred to reserves for future re-investment in the HRA**

Financial performance

Sources of Core Funding

During 2022/23 the council continued to pilot 100% business rates retention. Pilot authorities retain 100% of the growth in locally raised business rates. Of this we share 5% with the West of England Combined Authority and 1% with Avon Fire Authority. In return the council forgoes Revenue Support Grant (RSG) and several other funding streams. Each pilot authority's tariffs and top-ups calculated by central government are adjusted to ensure the change is cost neutral and that no individual pilot authority loses out because of these changes. The council collects £209.9 million of business rates of which £186.1 million (net of reliefs) is retained in year by the council. This is also net of the tariff of £94.4 million which the council returns to central government and £11.6 million transferred to the Avon Fire Authority and the West of England Combined Authority.

The Council also collects £296 million of Council Tax (on behalf of Avon and Somerset Police and Crime Commissioner, Avon Fire Authority, and itself), of which £243.2 million is retained in year by the council. During the year the Council received £512.6 million of government grant income which was used to fund revenue expenditure. The council generates £908.0 million of fees, charges and grants used to deliver services and keep council tax down.

Reserves

Useable reserves have reduced overall by £66.0 million. A significant factor contributing to this reduction is the use of £43.5 million Covid related funding received in 21/22 but required for use in 22/23. £35 million of this, related to business rates relief for retail hospitality and leisure, was directly required to offset losses in the collection fund carried forward into 22/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2021/22 are charged to the General Fund in future years. A further £18.3 million of reserves were applied during the year to help mitigate service budget variations, this included Covid-19 related grants to mitigate post pandemic pressures. Other significant reserve drawdowns include £5.4 million S256 grant - Healthier Together Funding for Integrated Care and the use of the General Reserve to fund the £2.7 million overspend in 2022/23.

In year overspends in revenue reserves of £6.3 million for individual school balances as a result of post pandemic and cost of living pressures, namely pay and eneregy, resulted in a deficit of £1.2 million being carried forward in reserves. HRA reserves were reduced by a net £5.7 million. This included a drawdown of £2.8 million for one off fire safety (Waking Watch) and IT transformation expenditure and £2.9 million from the Major Repairs reserve to fund the capital programme. Several new reserves were created at year-end:

- Clean Air Zone reserve for grant funding of £5.1 million.
- Clean Air Zone reserve for operational surpluses of £7.4 million.
- Family Hubs & Start for Life Programme reserve to deliver on the aims and objectives of this grant-funded programme of £0.9 million.

Dedicated Schools Grant

The Education and Skills Funding Agency (ESFA) recognises that the management of Dedicated Schools Grant (DSG) balances, both bringing spend in line with income and repaying deficits, will take time for some local authorities.

As statutory overwrite has been extended by the Department for Levelling Up, Housing and Communities (DLUHC) for another three years to March 2026, this gives the LA more time to deliver a DSG management plan and mitigations with the aim to bring DSG annual spend back to a sustainable footing. Bristol has secured £1.0 million from the Department for Education's Delivering Better Value (DBV) in Special Education Needs and Disability (SEND) programmes. Along with £1.6 million transformation fund from 2023-24 Schools Block to High Needs (approved by the Schools' Forum in January 2023), this gives a total of £2.6 million to deliver the DBV programme and High Needs recovery plan, which is in addition to the £0.9 million carry forward fund from the Belong with SEND programme.

Schools Reserves – 2022/23 proved to be challenging for the sector and the financial health of LA maintained schools deteriorated by £5.3 million from £3.5 million surplus to a £1.8 million deficit. All LA maintained schools were required to submit a deficit recovery plan in March 2023.

Key challenges remain to be in LA maintained nurseries (MNS), where the biggest in-year deterioration of £1.8 million was recorded. An additional £1.6 million funding uplift in MNS supplement in 2023/24 was welcomed as this will contribute towards financial sustainability but recovery plans will be required to address the accumulated historic deficits (currently at £7.1 million).

Primary and secondary schools also experience financial challenges, initial analysis indicating that primary and secondary schools are anticipated to achieve a balanced budget position with the help of an additional £10.749 million MSAG (Bristol indicative allocation of Mainstream Schools' Additional Grant) in 2023/24.

Housing Revenue Account

The council also operates a Housing Revenue Account (HRA), which contains the costs of owning and maintaining properties let to tenants, and rental income from those properties. This is held separately from the net revenue budget position shown in the previous table.

HRA Income and Expenditure Statement sets out the financial position for the year, before taking account of the statutory adjustments required to be made to the accounts. The Statement of Movement on the HRA balance reflects these statutory adjustments and shows how the financial performance for the year has impacted on HRA reserves.

- The HRA Income and Expenditure Statement shows a net deficit for the year of £2.8 million
- The council manages 26,687 homes
- The council collected £116.3 million in dwelling rent in 2022/23 (£112.5m in 2021/22)
- The council spent £61.5 million in 2022/23 (£39.4m in 2021/22) on new builds and improvement to existing housing stock.

HRA Reserves

HRA reserves were reduced by a net £5.7 million. This included a drawdown of £2.8 million for one off fire safety (Walking Watch) and IT transformation expenditure and £2.9 million from the Major Repairs reserve to fund the capital programme.

Financial performance

Capital Investment

Capital expenditure forms a large part of our spending. The council has an ambitious capital programme to deliver projects that are fundamental to the council achieving its aspiration to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial stability. Overall, the Capital Programme for 2022/23 was originally set at £300.5 million. This was subsequently revised during the year to £227.1 million. Capital spending (including revenue expenditure allowed to be funded by capital) during the year totalled £195.0 million. An analysis of capital investment by directorate and sources of capital funding are shown in the table below. The Capital Programme was financed from a combination of borrowing (£53.9m) and from grants, contributions, and reserves (£141.1m).

Approved Budget Council £m	Directorate	Revised Budget £m	Outturn £m	Outturn Variance £m	Variance from budget %
25.1	People	22.4	16.2	(6.2)	(28)
7.9	Resources	2.1	1.6	(0.5)	(24)
*132.1	Growth and Regeneration	132.8	119.4	(13.4)	(10)
12.7	Corporate	0.1	-	(0.1)	-
122.7	Housing Revenue Account	69.7	57.8	(11.9)	(17)
300.5	**Total**	**227.1**	**195**	**(32.0)**	**(14)**
	Financed by:				
73.7	Prudential Borrowing		53.9		
83.2	Capital Grants		78.0		
19.9	Capital Receipts		4.0		
122.7	HRA		57.8		
1.0	Revenue Contributions		1.3		
300.5	**Total**		**195.0**		

The major areas of investment have included:

- £61.5 million invested in the Council's housing stock (of which £20m was on new build developments)
- £41.6 million invested in transport schemes including Clean Air Zone, Flood defences, Portway Park & Ride rail platform, Housing developments, Bus Deal Programme, Traffic infrastructure, Street Lighting and Highways maintenance.
- £22.5 million invested in a significant refurbishment programme of the Bristol music venue, Bristol Beacon.
- £15.3 million invested in school buildings to provide additional pupil capacity to meet increased demand, the main spend incurred on Secondary Year 7 Bulge classes, Project Rainbow and the Bristol Education Centre (BEC) redevelopment from the Special Education Needs and Disability (SEND) expansion programme.

- £12.7 million invested in Energy renewables and the Heat Networks Programmes at Temple and Bedminster.
- £9.6 million invested in a significant programme to improve flood defences and ecological infrastructure in the Avonmouth and Severnside enterprise area, working in partnership with South Gloucestershire Council and the Environment Agency.
- £7.8 million invested in housing enabling work to accelerate the affordable provision including Hengrove, Lockleaze and Glencoyne Square regeneration programmes.
- £4.3 million invested in the Temple Quarter regeneration programme.
- £3.7 million invested in South Bristol Light Industrial Workspace project, Whitchurch Lane in South Bristol
- £3.5 million invested in housing adaptations and assistance programme.
- £3.5 million invested in the Hawkfield Business Park development and Bottleyard Studios.
- £2.7 million invested in the Rough Sleeping Accommodation Programme Property Fund.
- £2.2 million invested in maintenance of buildings and waste depot facilities.
- £2.0 million invested in vehicle replacement programme and the Bristol Electric Vehicle Centre of Excellence.
- £1.4 million invested in parks and green spaces.
- £1.3 million invested in IT equipment and system improvements delivered through the Digital Transformation Programme.

Service Investments

The council has investments in subsidiary companies and other service investments. These investments are primarily for outcomes and benefits delivered rather than for yield. The authority has commercial investments which are expected to generate both a commercial and social return. For social investments their primary purposes are to provide service benefits / social impact while the generation of yield and liquidity is secondary. These are commonly known as impact investments.

Bristol Waste - the council currently has 2 loan facilities with BWC. Cabinet approved (4 December 2018) a repayable loan facility of £12.7 million to BWC for the replacement of fleet vehicles. To date, £11.3 million of this loan has been contractually agreed and drawn down. At the start of the financial year £8.4 million of this loan was outstanding and by 31 March 2023 BWC had repaid £21.9 million of the principal plus interest, leaving an outstanding principal balance of £7.1 million. The loan is scheduled to be fully repaid by mid-28/29. In addition, following cabinet approval (26 January 2021) the council has entered into a further loan agreement with BWC for £2.8 million for Phase 2 of the Avonmouth site redevelopment. This loan also includes interest charges on the principal sum. Draw down of this funding has not yet commenced.

Goram Homes - the council has approved 2 loan facilities with Goram. An initial loan of £3.3 million was agreed for its first two sites (‘Pipeline 1’). At 31 March 2023, Goram had drawn down £2.0 million so that £1.3 million remains to be drawn down. Cabinet approval currently allows for a loan of up to £4.3 million against this pipeline. A second loan of £4 million has since been agreed for ‘Pipeline 2’ and Goram has drawn down £1 million against this. Cabinet approval currently allows for a loan of up to £10 million against this second pipeline. Both loan agreements include interest charges on the principal sums and £3.4 million is currently outstanding (principal plus interest). In addition, the council also holds £12.9 million repayable loan notes representing its transfer of Romney site into Goram Home’s joint venture for the development of that same site.

City Funds LP - the fund is £10 million, of which £5 million is invested by the council for a minimum duration of 10 years to support the provision of loans to local communities. During the year a further £0.4 million has been invested by the council bringing the total to £3.5 million.

Temporary Accommodation Property Fund - the council has approved a fund of £4 million of which £3 million has been funded by the Department for Levelling Up, Housing and Communities to reduce the level of rough sleeping within the city by investing in a bespoke property fund. During the year investment in the fund amounted to £2.7 million bringing the total to £3.5 million with the remaining draw downs to occur during the next financial period.

Other cash investments as at the end of the financial year include investment in Homeless Property Fund, Great Western Credit Union, and Avon Mutual Community Bank. These totalled £12.6 million and were in line with business plans and investment reports approved by cabinet.

The City Leap Partnership and Bristol Heat Networks Ltd (BHNL)

In April 2022, cabinet noted the appointment of Ameresco Limited, with Vattenfall Heat UK Limited as an essential sub-contractor, as the City Leap preferred bidder; and approved the principle of the establishment of City Leap Energy Partnership Limited as a 50/50 joint venture between the council and Ameresco Limited.

The arrangement is intended to be for a 20-year period with the aim of delivering up to £1 billion of inward investments in low carbon energy to support the aim of Bristol becoming a carbon neutral city by 2030. The council will grant access to its estate to deliver low carbon energy infrastructure and facilitate delivery in the wider city, including with existing community energy groups and networks. The partner will contribute capital funding, capacity, and expertise in the delivery of low carbon energy infrastructure projects.

In July 2022 cabinet approved the transfer of the council's Heat Network assets to Bristol Heat Networks Limited. The value of the assets to be transferred to Bristol Heat Networks Limited would substantively reflect the cost incurred by the council to the point of transfer, offset by any historical government grant funding received. The sale of Bristol Heat Networks Ltd to Vattenfall Heat UK Ltd was completed on 4 January 2023 with all loan facilities repaid in full.

Treasury Management

The 2022–2027 Treasury Strategy identified a medium-term net borrowing requirement of £608 million to support the existing and future Capital Programme. The council's strategy is to defer borrowing while it has significant levels of treasury cash balances available for investment (£116m at March 2023). Deferring borrowing will reduce the "net" revenue interest cost of the authority as well as reducing the council's exposure to counter-party risk for its investments.

The council recognises that utilising investments in lieu of borrowing has a finite duration and that future borrowing will be required to support capital expenditure.

Net debt (borrowing less investment) was £329 million at the end of the year. The average level of treasury funds available for investment purposes during the year was £207 million. The return for the period was 1.89% compared to the recognised benchmark of -2.24% SONIA (Sterling Overnight Index Average for period).

The council has complied with all treasury management legislative and regulatory requirements during the period and all transactions were in accordance with the approved Treasury Management Strategy and complied with the ethical and equitable investment policy.

Pensions

As anticipated 2022/23 was a difficult year for most asset classes as the impact of inflation and rising interest rates weighed heavily on asset prices, especially equities and bonds. As the year closed, equities began to recover but overall ended the year with negative returns.

The 2022 valuation took into account the current high inflation and assumed slightly higher inflation in the next few years before returning towards the Bank of England's 2% target. Higher or more persistent inflation would present a funding challenge to maintain low contribution rates and keep deficit recovery periods stable.

The city council is a member of the Avon Pension Fund. The pension liability as at 31 March 2023 is £355.8 million. This represents the value of what the council owes across future years offset by the value of assets invested in the pension fund. The deficit on the pension fund fell by £670 million over the last year, this was mainly due to significant changes in some of the assumptions used by the actuary. Notably, a significant increase in the rate used to discount post-employment benefit obligations (from 2.8% to 4.8%), along with improved inflation forecasts has significantly reduced liabilities. The current funding level at 31 March 2023 is an estimated 95% based on the 2022 funding plans.

Contingencies

The council has set aside a provision of £22.3 million (Bristol share) within the collection fund for any business rates appeals against ratable values in future years. The magnitude of the provision reflects the on-going fact that the council, as a business rates retention pilot, has a significantly greater exposure to the risk of business rates appeals. As the 2017 rating list comes to a close the council has decided to maintain the provision at its 2021/22 level. There were approximately 1,307 appeals outstanding as at 31 March 2023.

Budget for 2023/24 and Medium-Term Financial Plan (MTFP)

The council is required to set an annual balanced budget which presents how its financial resources, or 'revenue', are to be allocated and used. The council's revenue spending plans explain what we intend to spend on statutory services, as well as local key priorities and objectives.

While the current financial climate is unprecedented with national and international factors largely beyond the council's control, including inflation and pay related cost increases, rapidly rising energy costs and broader demand pressures and costs in both adults' and children's social care, the council, like others across the country, is facing significant financial challenges and uncertain and unpredictable funding and cost levels. The 2023/24 budget sets out the financial challenges the council faces including growing demand for our services. Our priority is to protect our valuable frontline services while continuing our work to improve Bristol, making it more inclusive and sustainable.

In February 2023 the council agreed a balanced budget for 2023/24, including the planned use of £3.9 million from reserves. The Medium-Term Financial Plan sees an overall revenue budget for 2023/24 of £483.5 million and a capital budget for 2023/24 of £298.1 million (including the Housing Revenue Account) and aims to balance increasing costs and service demand.

Future risks and opportunities

Key risks to the 2023/24 are outlined in depth in the report to Full Council but some of the key financial planning risks that may affect the projections over the medium term and delivery of a balanced budget include the ongoing demand, and cost, of social care for both Adults and Children and families, the delivery of Special Education Needs and Disability (SEND), homelessness, the achievement of the council's current and future year's budget savings in both their timing and income target and the potential risk of delays in the delivery of the capital programme and capital receipts targets and overspends on major capital projects.

Pay awards, energy prices and risks attached to continued inflation present an ongoing risk to the council. This will need to be monitored over the forthcoming financial year and opportunities around maximising benefits from sleeving and other arrangements captured.

There are significant programmes of savings and efficiency attached to both Temporary Accommodation and Property, Assets and Infrastructure presenting both a risk in terms of delivery challenges and opportunity. Property strategy is evolving and the programme of works for both will need to move forward at pace to ensure financial stability to these areas of the budget.

The council is an extremely complex organisation with a wide range and diversity of activities and assets, interests and liabilities. By their nature many of the risks cannot be quantified and in this current challenging financial climate it is essential that the council maintains adequate levels of reserves. Where significant budget risks have been identified, suitable proposals are being put in place to mitigate against these risks where possible. The council also holds contingencies and general unallocated reserves. The fact that the council holds other reserves earmarked for alternative purposes that could be called on if necessary, means the overall budget position of the council can be sustained within the overall level of resources available.

Monitoring of Key Risks

Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the council achieving its priorities and objectives and a key element of the council's governance framework. Risk management is an integral part of good governance to which the council is committed and provides the framework and processes that enable the council to manage uncertainty in a systematic way.

Key non-financial risks identified in 2022/23 include increased social worker and occupational therapist vacancies and sickness rates resulting in vulnerable adults' care being compromised.

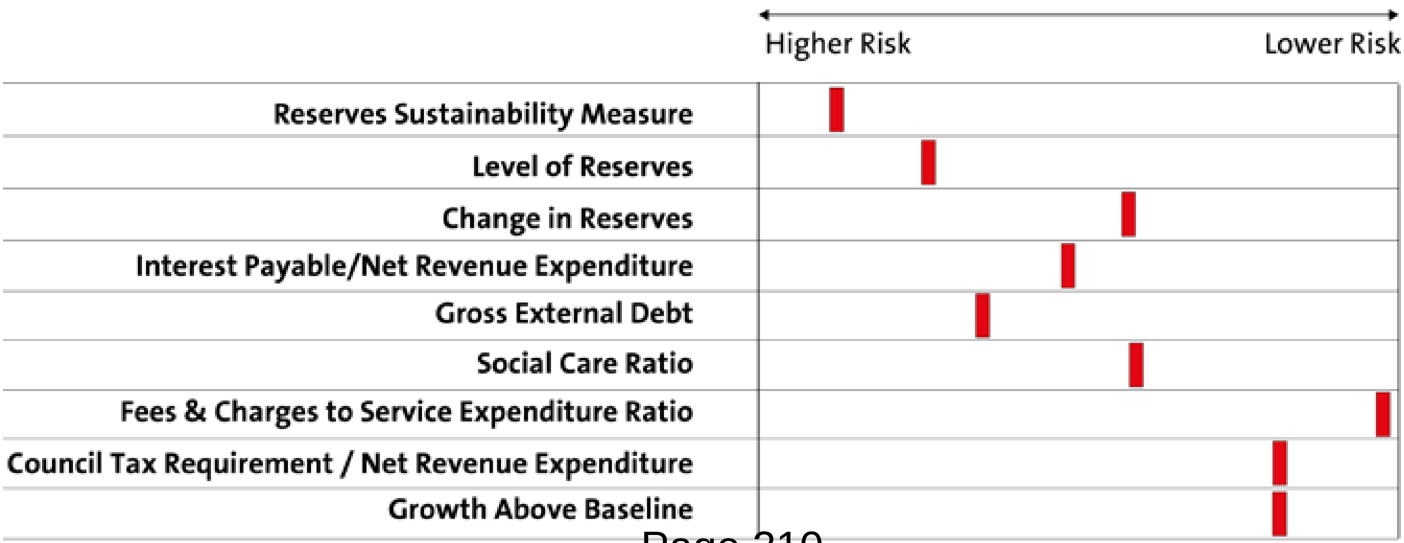
All risks are monitored, and the Audit Committee receives updates on corporate risks and their management actions on a quarterly basis. The final Corporate Risk Register (Q4) is due to be presented to Audit Committee on 30 May 2023, details of which can be found on the council's internet page (Public Pack) Agenda Document for Audit Committee.

Financial Health Indicators

In developing the budget strategy over the medium term, the council has been reflective of the outcomes of the CIPFA Financial Resilience Index and other financial benchmarking. In determining the medium-term budget strategy, it is essential to ensure the council manages its financial resilience to meet unforeseen demands on services. The highest area of risk to the financial resilience of the council compared to other similar authorities is the proportion of budget spent on social care services as this is seen as an inflexible cost which is difficult to reduce over short term and impacts on the council's ability to respond with agility to changing demands.

This indicator is extremely important in terms of the council's ability to respond to extreme shocks, such as that recently experienced in relation to the pandemic and cost of living crisis. The council's need for greater resilience to risk that may emerge from the budget, needs to be considered and addressed over the medium term.

Indicators of Financial Stress - Results Breakdown



The Statement of Accounts

The Statement of Accounts is set out in the accompanying document; it consists of the following statements that are required to be prepared under the Code of Practice and have been prepared in accordance with the proper accounting practices primarily comprising the Code of Practice on Local Authority Accounting and the International Financial Reporting Standards. The Statement of Accounts has been prepared on a 'going concern' basis.

The Core Statements

The Comprehensive Income and Expenditure Statement – this records all the council's income and expenditure for the year. The top half of the statement provides an analysis by service area.

The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Service and activities that the council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and
- Discretionary expenditure focused on local priorities and needs

The Movement in Reserves Statement is a summary of the changes to our reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes. We continually review the money we have in reserves for specific purposes to make sure they are at the right levels, and that our reserves continue to meet our needs.

The Balance Sheet is a 'snap shot' of the council's assets, liabilities, cash balances and reserves at the year-end date.

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

Group Accounts

The council operates through a variety of undertakings, through either majority shareholding (subsidiaries) or in partnership with other organisations.

The council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The Group Accounts included as part of the Statement of Accounts fully incorporate the results of the council with its subsidiary companies: Bristol Holdings, Bristol Waste, Goram Homes Limited and Bristol Heat Networks Limited. Full details of the relationship can be found in the Group Accounts section of the Statement.

Other entities which fall within the group boundary, but which are not consolidated into the Group Accounts as they are not considered to be material, are detailed within the Related Parties note within the Statement of Accounts.

The supplementary financial statements are

- The Housing Revenue Account – this separately identifies the council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The Collection Fund summarises the collection of council tax and business rates, and the redistribution of some of that money to Avon Fire Authority, the Avon and Somerset Police and Crime Commissioner and central government.

The notes to these financial statements provide more detail about the council's accounting policies and individual transactions. Our Annual Governance Statement sets out the governance structure of the council. It summarises the outcome of our review of the Governance Framework that has been in place during 2022/23 and our system of internal control, which is a critical component of our overall governance arrangements.

Denise Murray
Director of Finance (Section 151 Officer)

Statement of Responsibilities

The Authority's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Director of Finance;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- Approve the Statement of Accounts.

The Director of Finance Responsibilities

The Director of Finance 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 Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance and cash flows of Bristol City Council for the period ending 31 March 2022.

Denise Murray

Denise Murray
Director of Finance (Section 151 Officer)
31 May 2023

Independent Auditor's Report (To Follow)

Annual Governance Statement (To Follow)

Core Statements

Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

2021/22 Gross Exp £'000	2021/22 Gross Income £'000	2021/22 Net Exp £'000		2022/23 Gross Exp £'000	2022/23 Gross Income £'000	2022/23 Net Exp £'000
454,856	(210,728)	244,127	People	486,642	(189,494)	297,148
237,601	(148,532)	89,069	Resources	206,434	(135,023)	71,411
241,495	(92,907)	148,588	Growth & Regeneration	308,741	(159,120)	149,621
115,959	(123,026)	(7,066)	Housing Revenue Account	125,185	(127,179)	(1,994)
228,498	(204,964)	23,534	Dedicated Schools Grant	241,814	(212,748)	29,067
6,692	(889)	5,803	Corporate Funding & Expenditure	6,619	(4,210)	2,409
1,285,100	**(781,046)**	**504,054**	**Cost of services**	**1,375,435**	**(827,773)**	**547,661**
		11,786	Other operating expenditure (Note 9)			11,316
		(45,078)	Financing and investment income and expenditure (Note 10)			121,571
		(454,781)	Taxation and non-specific grant income (Note 11)			(499,673)
		15,980	**(Surplus)Deficit on provision of services**			**180,875**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services			
		(243,430)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 20)			(3,592)
		(164,056)	Remeasurement of the net defined benefit liability/asset (Note 35)			(746,950)
			Items that may be reclassified to the (Surplus) or Deficit on the Provision on Services			
			(Surplus)/ deficit on financial assets measured at fair value (Notes 24)			
		(407,486)	Other comprehensive income and expenditure			(750,542)
		(391,506)	**Total comprehensive income and expenditure**			**(569,667)**

Movement in Reserves Statement for the year ended 31 March 2023

	Note	General Fund Balance	Earmarked Reserves	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Sub Total - Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2021		35,666	220,707	7,528	263,901	97,791	651	**98,441**	78,492	11,296	3,080	**455,210**	1,239,889	1,695,099
Movement in Reserves during 2021/22														
Surplus or (deficit) on the provision of services		**(13,403)**			**(13,403)**	**(2,577)**		**(2,577)**				**(15,980)**		**(15,980)**
Other Comprehensive Expenditure and Income					**-**			**-**				**-**	**407,486**	**407,486**
Total Comprehensive Expenditure and Income		**(13,403)**	**-**	**-**	**(13,403)**	**(2,577)**	**-**	**(2,577)**	**-**	**-**	**-**	**(15,980)**	**407,486**	**391,506**
Adjustments between accounting basis and funding basis under regulations	Note 18	(31,385)			(31,385)	6,367		**6,367**	1,283	1,606	475	**(21,654)**	21,654	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(44,788)**	**-**	**-**	**(44,788)**	**3,789**	**-**	**3,789**	**1,283**	**1,606**	**475**	**(37,634)**	**429,140**	**391,506**
Transfers to/(from) Earmarked Reserves	Note 19	49,196	(47,272)	(1,924)	-	(4)	4	**-**				**-**	-	-
Increase/(Decrease) in 2021/22		**4,408**	**(47,272)**	**(1,924)**	**(44,788)**	**3,785**	**4**	**3,789**	**1,283**	**1,606**	**475**	**(37,634)**	**429,140**	**391,506**
Balance at 31 March 2022 Carried Forward		**40,074**	**173,435**	**5,604**	**219,113**	**101,576**	**655**	**102,231**	**79,775**	**12,902**	**3,555**	**417,575**	**1,669,030**	**2,086,605**
Movement in Reserves during 2022/23														
Surplus or (deficit) on the provision of services		**(182,220)**			**(182,220)**	**1,345**		**1,345**				**(180,875)**		**(180,875)**
Other Comprehensive Expenditure and Income					**-**			**-**				**-**	**750,542**	**750,542**
Total Comprehensive Expenditure and Income		**(182,220)**	**-**	**-**	**(182,220)**	**1,345**	**-**	**1,345**	**-**	**-**	**-**	**(180,875)**	**750,542**	**569,666**
Adjustments between accounting basis and funding basis under regulations	**Note 18**	**122,414**			**122,414**	**(4,126)**		**(4,126)**	**2,768**	**(2,901)**	**(424)**	**117,731**	**(117,731)**	**-**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(59,806)**	**-**	**-**	**(59,806)**	**(2,781)**	**-**	**(2,781)**	**2,768**	**(2,901)**	**(424)**	**(63,144)**	**632,811**	**569,666**
Transfers to/(from) Earmarked Reserves	**Note 19**	**49,257**	**(42,894)**	**(6,363)**	**-**	**-**	**-**	**-**				**-**	**-**	**-**
Increase/(Decrease) in 2022/23		**(10,549)**	**(42,894)**	**(6,363)**	**(59,806)**	**(2,781)**	**-**	**(2,781)**	**2,768**	**(2,901)**	**(424)**	**(63,144)**	**632,811**	**569,666**
Balance at 31 March 2023 Carried Forward		**29,525**	**130,541**	**(758)**	**159,307**	**98,795**	**655**	**99,449**	**82,543**	**10,001**	**3,131**	**354,430**	**2,301,841**	**2,656,271**

Balance Sheet as at 31 March 2023

31-Mar-22		Note	31-Mar-23
£'000			£'000
3,053,348	Property, Plant & Equipment	20	3,081,957
215,256	Heritage Assets	21	215,256
14,991	Intangible Assets	23	10,859
356,640	Investment Property	22	282,169
44,287	Long Term Investments	24	41,580
60,807	Long Term Debtors	29	56,786
3,745,329	**Long Term Assets**		**3,688,607**
103,948	Short Term Investments	24	30,343
26,978	Inventories	30	2,356
159,895	Short Term Debtors	29	182,921
133,444	Cash and Cash Equivalents	31	86,764
806	Assets held for sale		1,232
425,071	**Current assets**		**303,616**
(19,709)	Cash and Cash Equivalents	31	(31,118)
(9,952)	Short Term Borrowing	24	(4,764)
(296,764)	Short Term Creditors	32	(226,424)
(2,849)	Provisions	33	(2,480)
(71,814)	Capital grants received in advance	17	(62,759)
-	Derivative Financial Instruments		-
(401,088)	**Current liabilities**		**(327,545)**
(445,488)	Long Term Borrowing	24	(445,488)
(26,005)	Provisions	33	(25,249)
(1,179,908)	Other Long Term Liabilities	32	(501,016)
(31,306)	Capital Grants Receipts in Advance	17	(36,653)
(1,682,707)	**Long-term liabilities**		**(1,008,407)**
2,086,605	**Net assets**		**2,656,271**
(417,575)	Usable Reserves	19	(354,430)
(1,669,030)	Unusable Reserves	34	(2,301,841)
(2,086,605)	**Total reserves**		**(2,656,271)**

Cash Flow Statement for the year ended 31 March 2023

2021/22			2022/23
£'000		Note	**£'000**
(15,980)	Net deficit on the provision of services		(180,875)
166,603	Adjustment to net surplus on the provision of services for non-cash movements	36	215,890
(73,289)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	36	(103,650)
77,334	Net cash flows from Operating Activities		(68,635)
(78,083)	Investing Activities	37	25,515
(7,088)	Financing Activities	38	(14,968)
(7,837)	Net increase (decrease) in Cash and Cash Equivalents		(58,088)
121,572	Cash and Cash Equivalents at the beginning of the reporting period	31	113,735
113,735	**Cash and Cash Equivalents at the end of the reporting period**		**55,646**

Notes to the Accounts

1 Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

(ii) Recognition of Income and Expenditure

Activity is accounted for in the year in which it takes place, which may not be the same year in which cash payments are made or received.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. In local government, the generation of revenues from charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within each financial year.

Revenue from the sale of goods and disposal of assets is recognised when the Council transfers the risks and rewards of ownership to the purchaser. Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied. 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.

Supplies are recorded as expenditure when they are consumed. If there is a gap between the date supplies are received and their consumption, they are carried as inventories in the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

(iv) Charges to Revenue for Non-Current Assets

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

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

(v) City Region Deal

The Council has applied the principles of IPSAS 23 'Revenue from non-Exchange transactions (Taxes and Transfers)' in accounting for the transactions and balances relating to the City Region Deal.

Growth paid to the accountable body (South Gloucestershire Council) for the Business Rates Pool (BRP) is recognised by the Council as a debtor until such point that the funds are paid out by the BRP or committed by the Economic Development Fund (EDF) to fund future EDF payments in respect of approved programmes.

- Income - Income receivable by the Council from the BRP is recognised as revenue in the year in which it occurs. The Council recognises revenue and a debtor balance to the extent that future EDF disbursements are to be received, have been committed to by the EDF, and sufficient uncommitted cash remains in the BRP to fund future payments.

- Expenditure – Expenditure is recognised by the Council on the earlier of payments being made by the BRP or where future EDF payments are committed to. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

(vi) Collection Fund and Local Taxation

Bristol City Council is a billing authority for local taxation and collects:

- Council tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself.

- Non-Domestic Rates on behalf of Avon Fire Authority, the West of England Combined Authority (WECA) and itself.

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

The Collection Fund is effectively an agency account therefore income, expenditure and balance sheet transactions are apportioned between the Council, central government and precepting bodies.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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.

(vii) Dedicated Schools Grant

The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2020 establish new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its school's budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. Instead, the deficit (including the accumulated deficit as of 31 March 2020) is charged to an unusable reserve the Dedicated Schools Grant Adjustment Account by a transfer from the General Fund Balance in the Movement in Reserves Statement.

(viii) Employee Benefits

Benefits Payable During Employment

Monetary benefits such as wages and salaries, paid leave and bonuses, and non-monetary benefits (for example, cars) for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made to represent the cost of holiday entitlement earned but not taken at each year end, to meet Code and IAS requirements.

Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pension Scheme administered by Bath and North East Somerset Council.
- The NHS Pension Scheme, for Public Health employees, administered by NHS Pensions.

All the above schemes provide defined benefits to members for example retirement lump sums and pensions, earned as employees working for the Council.

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The CIES is charged with the employer's contributions payable to Teachers pensions and NHS pensions in the year.

The Local Government Pension Scheme

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

The liabilities of the Avon Pension Fund 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 retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high-quality corporate bonds.

The assets of Avon Pension Fund attributable to the Council are included in the Balance Sheet at 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 liability of the Council is analysed into the following components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset 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/asset at the beginning of the period, considering any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

- Re-measurement of 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 pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.

- Contributions paid to the Avon Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

In 2020, the Council made an up-front payment of the LGPS deficit contributions for the three years 2020/21 - 2022/23 totalling £20.430m (net of academy conversions). This payment was made April 2020. The up-front payment took advantage of the independent Actuary's calculation of the return these contributions could achieve once invested by the Pension Fund. The discount calculated by the Actuary for making the up-front payment (net of academy conversions) rather than the typical approach of monthly payments in arrears over the three-year period was £1.295m, reducing total payments from £21.725m to £20.430m. The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's Treasury Management Strategy and the approach represented good value for money for the Council.

The latest triennial review took place at 31st March 2022. This is effective from April 2023.

Discretionary Benefits

The Council has restricted powers to provide discretionary post-employment benefits. Any such benefits are accrued for in the year of the decision to make the award and are charged to the Comprehensive Income and Expenditure Statement against the service in which the employees worked.

(ix) Events After The Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. In this instance, the Statement of Accounts is adjusted to reflect such events.
- Those relating to conditions that arose after the reporting period. In this instance, 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.

Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts.

(x) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

(xi) Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. As 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 interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term of the replacement loan that was used to refinance the loan against which the premium was payable or discount receivable. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

The Council's business model for most of its investments is to hold them to collect contractual cash flows. Financial assets are therefore classified as amortised cost. There are some exceptions, where the Council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the county. This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the 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 Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, from time to time the Council makes loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. 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.

In addition, the Council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the Council, for example where the Council holds a legal charge against a property that enables sums to be reimbursed from sale proceeds later. These are like loans at less than market rates and are referred to as soft loans. If any the lost interest against the soft loan was significant then adjustments would be made to the relevant service revenue account and Balance Sheet. However, the impact on the Council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

An equity instrument can be elected to a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The Council has reviewed its assets that would be measured at FVPL based on the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the Council from the chosen classification.

(xii) 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.
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

(xiii) Heritage Assets

The Council's Heritage Assets are predominantly on display in museum buildings and galleries in the city, held in storage or loaned out to other educational or cultural organisations.

These assets are all valued on a historic cost basis or an annual insurance valuation basis.

The Council holds numerous ancient monuments and statues which are not recognised on the Balance Sheet because of the diverse and often unique nature of the assets held and the lack of comparable market values.

There is no depreciation charge against heritage assets because it is estimated that the assets have an extended and indeterminate useful life such that any depreciation charge would be negligible. The carrying values of Heritage Assets are reviewed when there is evidence of impairments for example when an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any reductions to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

(xiv) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no Intangible Asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an Intangible Asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure

(xv) Interests in Companies and Other Entities

(a) Subsidiaries

Subsidiaries are all entities over which the Council has control. The Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The Council's material subsidiaries are Bristol Holding Limited (which is directly held) and Bristol Waste Company Limited and Goram Homes Limited (all of which are indirectly held). There are no non-controlling interests.

In the single entity accounts, the Council has opted to account for its investments in subsidiaries in accordance with Chapter 7 of the Code, Financial Instruments. The investments are accordingly classified as fair value through other comprehensive income (FVPL) and are carried in the Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.

In the group accounts, the subsidiaries are consolidated on a line-by-line basis with adjustments to eliminate intra-group transactions, balance and unrealised gains on transactions between the group entities. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Council's accounting policies.

b) Joint Arrangements

A Joint Arrangement is an arrangement of which two or more parties have joint control where the parties are bound by contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. Joint Arrangements are classified as Joint Ventures or Joint Operations.

The Council has no material Joint Ventures.

A Joint Operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Council has one Joint Operation being the West of England Local Enterprise Partnership. In respect of this, the Council accounts for:

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

(xvi) Inventories (Stock)

Inventories are measured at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange basis in which case their cost is deemed to be fair value at the date of acquisition. Inventories are also measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In this context inventories do not include work in progress under construction contracts and financial instruments.

(xvii) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on "the highest or best price that can be obtained in the most advantageous market, in an arms' length transaction between knowledgeable participants at the measurement date". Investment Properties are not depreciated but are revalued 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.

Rental Income received in relation to investment properties is 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 sale proceeds, the Capital Receipts Reserve.

(xviii) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability.
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (for example if there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

To date the Council has not granted any Finance Leases.

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 (for example if 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.

(xix) Minimum Revenue Provision (MRP)

The Council is not required to use Council tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

(xx) Overheads And Support Services

The Council operates and manages its support services within the Resources Directorate, and this is how these services are reported to management. The costs of overheads and support services are therefore not re-apportioned (except for ring-fenced accounts such as the HRA, Public Health and Licencing).

(xxi) Prior Period Adjustments

Prior period adjustments arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are only accounted for prospectively i.e. in the current and future years which are affected by the changes, they do not give rise to a prior period adjustment.

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

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

(xxii) Service Concessions

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the contract operator are analysed into the following elements:

- Fair value of any services received during the year.
- Finance cost - an interest charge of the effective rate of interest on the outstanding Balance Sheet liability.
- Contingent rent payable under the agreement.
- Lifecycle replacement costs where applicable.
- Payment towards liability - applied to write down the Balance Sheet liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

(xxiii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the 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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Capital schemes above £0.25m are subject to annual review and any expenditure incurred which has not enhanced the asset's value is charged as an expense in the financial year that it is incurred. Expenditure on capital assets totalling less than £20,000 in any single financial year is classed as de-minimis and therefore is not capitalised but charged as an expense.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Community assets - depreciated historical cost.
- Assets under construction - historical cost.
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets – the current value measurement base is fair value, defined as "the highest or best price that can be obtained in the most advantageous market, in an arms' length transaction between knowledgeable participants at the measurement date".
- 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

When decreases in value are identified, they are accounted for in the same way as an impairment.

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.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and 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 as follows:

- 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).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

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, car parks, quay walls and lock gates, some 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 upon component accounting basis. In the year of disposal six-month depreciation is charged to the accounts.
- Other buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer.
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet.

The Council applies component accounting to all assets with a net book value more than £5m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

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

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. 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 losses recognised 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 is disposed of or is decommissioned, the carrying amount of the asset 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 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 is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the HRA'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 fixed 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.

(xxiv) Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were original recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion over their estimated useful lives circa 25 years, and is charged on a straight-line basis.

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the ‘Other operating expenditure’ line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (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 (ie netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

(xxv) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the relevant provision. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

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 are disclosed in a note to the accounts.

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 are disclosed in a note to the accounts.

(xxvi) Reserves

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

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

(xxvii) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the

Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

(xxviii) Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the single entity accounts of the Council (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

Schools within the Council's group fall into the following categories

- 44 Community (12 Nurseries, 27 Primaries, 4 Special and 1 Alternative Provision Site).
- 3 Foundation (2 Primaries and 1 Special).

Other types of school, such as voluntary aided and voluntary controlled schools, academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

(xxix) Value Added Tax

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

(xxx) Rounding Convention

Unless otherwise stated the convention used in these Financial Statements is to round amounts to the nearest thousand pounds. All totals are the rounded additions of unrounded figures, and therefore may – from time-to-time – not be the strict sums of the figures presented in the text or tables.

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

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2022/23 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

a) IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).

b) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.

c) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

e) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

The Council has completed a school-by-school assessment across the different types of school it controls within the city. The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting classification for each school on an individual case basis in conjunction with the relevant dioceses for voluntary aided and voluntary controlled schools.

- All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.
- Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally by a religious body. Legal ownership of 8 VA schools rests with Clifton Diocese. Legal ownership of the remaining VA and VC schools' rests with Bristol Diocese. We understand that the Diocese have granted a licence to the schools to use the land and buildings. Under this licence arrangement, the rights of use have not transferred to the schools and thus are not included on the Council's Balance Sheet.
- There are two Foundation Trusts in Bristol - the South East Bristol Educational Trust and the Trust in Learning – who own 3 schools in the city. The Council exercises no control over these Trusts, so these assets are not included on the Council's Balance Sheet.
- Academies are not considered to be maintained schools in the Councils control. The land and building assets are either, not owned by the Council, or let on a long-term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

The costs of the Schools Private Finance Initiative (PFI) Contracts exceed the income received from the Government Grant and School Contributions, leaving the Council with a liability under the PFI Contracts. All PFI Schools have now transferred to Academy status and these assets have been removed from the Council's balance sheet. Following a review of the costs and benefits, the Council considers the contract not to be onerous as the benefits significantly outweigh the costs.

In the single entity accounts, the Council has opted to account for its investments in subsidiaries in accordance with Chapter 7 of the Code, Financial Instruments. The investments are accordingly classified as fair value through other comprehensive income (FVOCI) and are carried in the Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.

There remains significant uncertainty around levels of inflation, energy prices, fuel and labour costs, indexed linked external contracts and public sector pay awards. Plans to mitigate these issues are developed as part of the medium term financial strategy with further monitoring throughout the financial year.

Business Rates following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2022/23 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The estimated provision has been calculated using the latest Valuation Office Agency (VOA) ratings list of ratings appeals and the analysis of successful appeals to date. The Council's share of the balance of business rate appeals provisions at 31 March 2023 was £24.5m.

4 Assumptions made about the Future and other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if actual results differ from assumptions
Property, Plant and Equipment (excluding Council dwellings) Carrying value £1.12bn	Asset valuations are based on market prices and are periodically re-valued using a 5-year rolling programme to ensure that the Council does not materially misstate its property, plant and equipment. If market prices change significantly, over time there will be a corresponding increase or reduction in the value of Council land and buildings. The combination of global inflationary pressures, higher interest rates, currency movements and the recent geopolitical events in Ukraine, has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. As such we highlight the importance of the Valuation Date. Where appropriate, we would recommend that the Valuation is closely monitored, as we continue to track how market participants respond to current market volatility. Accordingly, and for the avoidance of doubt, our Valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. If the value of the Council's property, plant and equipment, was to reduce by say 10%, this would result in a £112m change in cost value charged against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement. A corresponding increase in estimated valuations would result in a combination of increases to the Revaluation Reserve and / or reversals of previous negative revaluations charged to the Comprehensive Income and Expenditure Statement.
Pensions Liability	Estimation of the net 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 investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert	Variations in the key assumptions will have the following impact on the net pension liability of £1bn • a 0.5% increase in the discount rate will reduce the net pension liability by £33m.

	advice about the assumptions to be applied.	• a 0.25% increase in the assumed level of pension increases will increase the net pension liability by £42m. • a 0.25% increase in the assumed level of pay inflation will increase the net pension liability by £14m. • an increase of one year in longevity will increase the net pension liability by £16m.
Fair Value Estimation	Asset valuations are based on either: • market prices for investment property, surplus assets and non-current assets held for sale: or • the net assets of unquoted companies in which the Council has a controlling or significant interest. The combination of global inflationary pressures, higher interest rates, currency movements and the recent geopolitical events in Ukraine, has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. As such we highlight the importance of the Valuation Date. Where appropriate, we would recommend that the Valuation is closely monitored, as we continue to track how market participants respond to current market volatility. Accordingly, and for the avoidance of doubt, our Valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.	If the value of the Council's investment property, surplus property and non-current assets held for sale, (total carrying value £283m) was to reduce by 10%, this would result in a £28m reduction and a corresponding reduction to Unusable Reserves in the Balance Sheet.

5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 30th May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 30th May 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

6 Expenditure and Funding Analysis for the year ended 31 March 2023

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23

	Revised outturn	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA (Note 3)	Other Differences EFA (Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	301,690	(26,240)	**275,450**	12,837	9,459	(598)	**21,698**	**297,148**
Resources	55,239		**55,239**	7,443	8,632	96	**16,172**	**71,411**
Growth & Regeneration	66,123	7,668	**73,791**	65,324	10,506		**75,830**	**149,621**
Housing Revenue Account	2,781	(11,671)	**(8,890)**	1,769	5,127		**6,896**	**(1,994)**
Dedicated Schools Grant	21,053	(119)	**20,934**	-	8,132		**8,132**	**29,066**
Corporate Funding & Expenditure	23,876	(11,917)	**11,959**	(9,702)	824	(672)	**(9,550)**	**2,409**
	470,762	(42,279)	**428,483**	77,671	42,681	(1,174)	**119,178**	**547,661**
Other income and expenditure (Notes 9,10,11)			(365,905)	24,245	27,555	(52,680)	(879)	(366,785)
(Surplus) Deficit on the Provision of Services			**62,577**				**118,299**	**180,875**
Opening General Fund and HRA Balance			(321,344)					
Less Deficit on General Fund and HRA Balance in Year			62,577					
Closing General Fund and HRA Balance at 31 March 2023*			**(258,766)**					

* For a split of this balance between the General Fund and the HRA - see movements in Reserves Statement

	Revised outturn	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA (Note 3)	Other Differences EFA (Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	242,726	(19,578)	**223,148**	13,331	7,648		**20,979**	**244,127**
Resources	69,827	(10)	**69,817**	11,215	8,037		**19,252**	**89,068**
Growth & Regeneration	67,573	9,186	**76,759**	62,658	9,171		**71,829**	**148,588**
Housing Revenue Account	(3,785)	(9,655)	**(13,440)**	1,710	4,664		**6,374**	**(7,066)**
Dedicated Schools Grant	14,647	1,109	**15,756**	-	7,778		**7,778**	**23,534**
Corporate Funding & Expenditure	32,395	(18,063)	**14,332**	16,348	(5,153)	(19,724)	**(8,529)**	**5,803**
	423,383	(37,012)	**386,371**	105,262	32,145	(19,724)	**117,683**	**504,054**
Other income and expenditure (Notes 9,10,11)			(345,373)	(127,123)	23,171	(38,749)	(142,701)	(488,074)
(Surplus) Deficit on the Provision of Services			**40,998**				**(25,019)**	**15,980**
Opening General Fund and HRA Balance			(362,342)					
Less Deficit on General Fund and HRA Balance in Year			40,998					
Closing General Fund and HRA Balance at 31 March 2022*			**(321,344)**					

* For a split of this balance between the General Fund and the HRA - see movements in Reserves Statement

EFA Note 1 – Adjustments

The reallocation of transactions to/from service areas below the net cost of services to Other Income and Expenditure for example interest receivable and interest payable from Corporate Funding and Expenditure to Other Income and Expenditure. The removal of transfers to/from reserves included in outturn in Corporate Funding & Expenditure as these are not shown on the face of the CIES.

EFA Note 2 - Adjustments for Capital Purposes

Adjustments for capital purposes - this column adds in depreciation, impairment and revaluation gains and losses in the services line for:

- Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of asset 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.

EFA Note 3 - Net change for 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 Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure this is the net interest on the defined benefit liability is charged to the CIES.

EFA Note 4 - Other Differences

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- 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 NDR 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.

7 Expenditure & Income Analysed By Nature

	2022/23 £'000	2021/22 £'000
Expenditure & Income Analysed By Nature		
Expenditure		
Employee Benefits Expense	440,404	408,619
Depreciation, Amortisation & Impairment	104,432	116,188
Other Service Expenditure	982,254	746,426
Total Expenditure	**1,527,091**	**1,271,233**
Income		
Fees, Charges and Other Service Income	(360,179)	(326,592)
Interest & Investment Income	(6,619)	(5,957)
Income from Council tax & Non-domestic Rates	(397,594)	(334,584)
Government Grants, Other Grants and Contributions	(581,823)	(588,119)
Total Income	**(1,346,215)**	**(1,255,253)**
Surplus or deficit on the Provision of Services	**180,875**	**15,980**

7a Revenue from Contracts with Service Recipients

The Council contracts with service recipients as part of its normal operating activities. The table below sets out the material items of income within fees, charges and other service income in the table above.

	2022/23 £'000	2021/22 £'000
Contributions from Other Organisations	22,451	18,412
Health Authorities	35,512	52,063
Other Local Authorities	7,954	9,566
Social Care Charges	28,457	28,318
Sales of Services	20,562	6,540
Car Parking	13,675	9,916
Housing Revenue Account Income	126,643	122,363
Commercial Rents	15,203	15,533
Licencing	11,636	7,287

The Council has identified contractual arrangements in place in relation to Deferred Payments, where care users can use the value of their home to help pay care home costs. The following amounts were recognised in the Comprehensive Income and Expenditure Account as income.

	2022/23 £'000	2021/22 £'000
Client Contributions	27,547	27,453
Deferred Payments	538	522
Total	**28,085**	**27,975**

The following amounts were included in the Balance Sheet for contracts with service recipients, in relation to the contracts identified above.

	2022/23 £'000	2021/22 £'000
Adult care and health residential	1,723	1,790
Adult care and heath	522	446
Total	**2,245**	**2,236**

Except for the above all contracts with service recipients are complete and, therefore, no contract obligations, assets or liabilities continue beyond this financial year.

8 Other Operating Expenditure

	2022/23 £'000	2021/22 £'000
Precepts and levies	10,867	10,820
Payments to the Government housing capital receipts pool	-	2,112
Losses/(gains) on the disposal of non-current assets	449	(1,146)
Total	**11,316**	**11,786**

9 Financing and Investment Income and Expenditure

	2022/23 £'000	2021/22 £'000
Interest payable and similar charges	37,723	33,695
Loss Allowance (Financial Guarantee Contracts)	-	-
Changes in the Fair Values of Financial Instruments*	5,181	(148)
Pensions net interest cost	27,555	23,171
Interest receivable and similar income	(11,650)	(7,251)
Income and expenditure in relation to Investment Properties	(10,417)	(11,696)
Changes in fair value of Investment Properties	73,179	(82,849)
Total	**121,571**	**(45,078)**

10 Taxation and Non-Specific Grant Income

	2022/23 £'000	2021/22 £'000
Council tax income	(244,107)	(230,662)
Non-domestic rates	(153,495)	(120,581)
Non-service-related government grants	(48,236)	(59,107)
Capital grants and contributions	(53,834)	(44,432)
Total	**(499,673)**	**(454,781)**

11 Pooled Budgets

Better Care Fund

The Better Care Fund (BCF) was established to support the integration of health and social care as a basis for joint planning the delivery of local services. The current BCF was established in April 2018 as part of a joint two-year programme between Bristol City Council and NHS Bristol, North Somerset and South Gloucestershire Integrated Care Board (NHS BNSSG ICB) agreed under Section 75 of the National Health Service Act 2006. The formal governance of the BCF is through the Joint Commissioning Board and the Bristol Health and Well Being Board.

Under this Section 75 agreement there are five funds totalling £87.284m in 2022/23 and administered by whichever body undertook the contracting arrangements.

Fund 1 is administered by NHS BNSSG ICB and totals £19.822m. The fund includes contributions from the NHS BNSSG ICB only, which have been paid to providers contracted to support the sub schemes Reduction in Hospitals Admissions, Frail and Complex, Falls Prevention and Reablement. The NHS BNSSG ICB controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Fund 2 is administered by NHS BNSSG ICB and totals £0.907m. The funding is provided to Bristol City Council to offset in-year contract price and cost pressures.

Fund 3 is hosted by Bristol City Council and totals £3.528m, which is wholly made up of the Disabled Facilities Grant. The fund includes contributions from the City Council only, which are paid directly to providers. The City Council controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Fund 4 is a joint arrangement hosted by Bristol City Council and totals £46.011m. Both the NHS BNSSG ICB and Bristol City Council contribute towards the source of funding. The City Council is the Lead Commissioner for the services commissioned through this fund. The risks are shared based on the area of spend. The NHS BNSSG ICB owns the risks for Health related spend and Bristol City Council holds the risk for Social Care related spend as per the section 75 agreement.

Fund 5 is hosted by Bristol City Council and totals £17.016m, which is wholly made up of the improved Better Care (iBCF) and Winter Pressures funds. The fund includes contributions from the City Council only, which are paid directly to providers. The City Council controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Better Care Fund	**Fund 1 £'000**	**Fund 2 £'000**	**Fund 3 £'000**	**Fund 4 £'000**	**Fund 5 £'000**	**Total £'000**
Funding provided to the pooled budget:						
NHS BNSSG ICB	19,822	907	-	17,422	-	38,151
Bristol City Council	-	-	3,528	28,589	17,016	49,133
Total funding into Pooled Budget	**19,822**	**907**	**3,528**	**46,011**	**17,016**	**87,284**
Expenditure met from Pooled Budget						
NHS BNSSG ICB	19,822	907	-	17,422	-	38,151
Bristol City Council	-	-	3,528	28,589	17,016	49,133
Total expenditure from Pooled Budget	**19,822**	**907**	**3,528**	**46,011**	**17,016**	**87,284**
Net surplus/(deficit) on the pooled budget during the year	-	-	-	-	-	-
Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget	-	-	-	-	-	-

12 Members' Allowances

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

	2022/23	2021/22
	£'000	£'000
Allowances	1,511	1,404

In addition to the above, the elected Mayor is paid an annual allowance amounting to £86,439 (2021/22: £83,082).

13 Officers' Remuneration & Exit Packages

Where a senior officer's annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed individually by way of job title. For those senior officers whose salary is £150,000 or more, their name is also disclosed. The remuneration paid during the year was as follows:

2022/23				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Chief Executive & Head of Paid Service	Apr '22 - Oct '22	M Jackson	1	98,881	-	-	**98,881**
Chief Executive & Head of Paid Service	Oct '22 - Mar '23	S Peacock	2	80,735	-	16,954	**97,690**
Executive Directors - Growth and Regeneration	Apr '22 - Oct '22	S Peacock	3	104,358	-	1,965	**106,323**
Executive Director - Adult & Communities	Apr '22 - Mar '23	H Evans	4	145,589	-	30,560	**176,149**
Executive Director - Children & Education	Dec '22 - Mar '23	A Gbago	5	47,940	-	9,533	**57,473**
Director Management of Place	Apr '22 - Mar '23	P Mellor		128,090	-	26,686	**154,776**
Statutory Officers- Chief Financial (S151)	Apr '22 - Mar '23	D Murray		127,075	-	26,686	**153,761**
Statutory Officers- Director Adult Social Care	Apr '22 - Mar '23			100,068	-	20,991	**121,060**
Statutory Officers – Director of Public Health	Apr '22 - Mar '23			95,787	-	20,115	**115,902**
Statutory Officers- Director Education and Skills	Apr '22 - Jul '22			36,502	-	7,665	**44,167**
Statutory Officers- Director Education and Skills	Aug '22 - Jan '23			48,462	-	10,015	**58,477**
Statutory Officers- Director Education and Skills (Interim)*	Feb '23 - Mar '23	R Bhogal-Welsh		42,708	-	-	**42,708**
Statutory Officers- Director Children, Families & Safer Communities (Interim)*	Apr '22 - Jul '22	S Parker		66,093	-	-	**66,093**
Statutory Officers- Director Children, Families & Safer Communities	Aug '22 - Mar '23			64,076	-	13,456	**77,532**
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '22 - Mar '23			98,412	-	20,667	**119,079**

1 Post holder left on 23rd October 2022
2 Post holder started on 21st October 2022
3 Executive Director restructure resulting in this post being deleted on 20th October 2022.
4 Executive Director restructure resulting in this post being amended from Executive Director - People on the 21st October 2022.
5 Executive Director restructure resulting in this post being created on 21st October 2022 and filled on 16th December 2022.
6 Local authorities also pay the coroner's salary or fees and agree other terms and conditions, but there is no contract of employment between the local authority and coroner. Coroners should not be equated in financial or other terms with chief officers.

***Fees paid in respect of individuals engaged on an interim basis**

The Council also secured services from various individuals on an interim basis during 2021/22 and 2022/23. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2022/23 were as follows:

- P Barry who held the position of **Property Service Manager** from April 2022 to October 2022 at a cost to the Council in 2022/23 of **£115,220.**
- A Layton who held the position of **Head of Financial Planning** from April 2022 to July 2022 at a cost to the Council in 2022/23 of **£61,118**.
- F Rodriguez who held the position of **Corporate Landlord Project Manager** from April 2022 to July 2022 at a cost to the Council in 2022/23 of **£35,027**.

- J Blackburn who held the position of **Director of Adults Transformation** from April 2022 to January 2023 at a cost to the Council in 2022/23 of **£166,661.**

2021/22				**Salary, Fees and Allowances**	**Compensation for Loss of Office**	**Pension Contribution**	**Total**
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Chief Executive & Head of Paid Service	Apr '21 - Mar '22	M Jackson		174,073	-	-	**174,073**
Executive Director - People	Apr '21 - Mar '22	H Evans		140,793	-	29,566	**170,359**
Executive Directors - Growth and Regeneration	Apr '21 - Mar '22	S Peacock		172,413	-	12,046	**184,458**
Director Homes and Landlord Services (Interim)*	Apr '21 - Mar '22	D Graham		280,634	-	-	**280,634**
Director Management of Place	Apr '21 - Mar '22	P Mellor		125,931	-	26,281	**152,212**
Statutory Officers- Chief Financial (S151)	Apr '21 - Mar '22	D Murray		125,150	-	26,281	**151,431**
Director Workforce and Change	Apr '21 - Mar '22	J Walsh		125,150	-	26,281	**151,431**
Statutory Officers- Director Education and Skills	Apr '21 - Mar '22			109,506	-	22,996	**132,502**
Statutory Officers- Director Adult Social Care	Apr '21 - Mar '22			98,034	-	20,587	**118,621**
Statutory Officers – Director of Public Health	Apr '21 - Mar '22			93,862	-	19,711	**113,573**
Statutory Officers- Director Children and Family Services	Apr '21 - Jan '22		1	93,102	-	18,730	**111,832**
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '21 - Mar '22			88,648	-	18,616	**107,264**
Statutory Officers- Director Children and Family Services (Interim)*	Jan '22 - Mar '22	S Parker		54,938	-	-	**54,938**

1 Post holder left on 30th January 2022.
2 Local authorities also pay the coroner's salary or fees and agree other terms and conditions, but there is no contract of employment between the local authority and coroner. Coroners should not be equated in financial or other terms with chief officers.

***Fees paid in respect of individuals engaged on an interim basis**

The Council also secured services from various individuals on an interim basis during 2020/21 and 2021/22. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2021/22 were as follows:

- P Barry who held the position of **Property Service Manager** from August 2021 to March 2022 at a cost to the Council in 2021/22 of **£142,316.**
- A Layton who held the position of **Head of Financial Planning** from November 2021 to March 2022 at a cost to the Council in 2021/22 of **£78,173.**
- F Rodriguez who held the position of **Corporate Landlord Project Manager** from July 2021 to March 2022 at a cost to the Council in 2021/22 of **£49,397**.
- N Beardmore who held the position of **Clean Air Zone Communication & Engagement Director** from April 2021 to September 2021 at a cost to the Council in 2021/22 of **£85,624** (2020/21 of **£218,005**)
- J Blackburn who held the position of **Director of Adults Transformation** from February 2022 to March 2022 at a cost to the Council in 2021/22 of **£30,932.**

In addition to the remuneration of senior employees set out above, the number of the Council's employees receiving more than £50,000 remuneration for the year (excluding employer's contributions) is set out in the table below:

Remuneration band	2022/23 Number of employees		2021/22 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	37	138	17	92
£55,000 - £59,999	24	43	13	24
£60,000 - £64,999	12	48	8	39
£65,000 - £69,999	12	29	18	31
£70,000 - £74,999	16	35	10	30
£75,000 - £79,999	6	29	3	26
£80,000 - £84,999	3	10	-	4
£85,000 – £89,999	1	9	-	5
£90,000 - £94,999	-	8	1	6
£95,000 - £99,999	-	4	-	3
£100,000 - £104,999	-	1	-	3
£105,000 - £109,999	-	4	-	1
£110,000 - £114,999	-	1	1	1
£115,000 - £119,999	-	1	-	-
£120,000 - £124,999	1	1	-	3
£125,000 - £129,999	-	1	-	-
Totals	**112**	**362**	**71**	**268**

The variation in employee numbers between bands shown in the above table is largely down to a combination of progression from appointment rate to competence rate as well as nationally agreed pay awards that have inflated pay and moved the boundaries against these ranges.

Exit Packages

The numbers of exit packages relating to Council employees during 2022/23, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

Exit package cost band	**Number of compulsory redundancies**		**Number of other departures**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band**	
	2022/23 No.	2021/22 No.	**2022/23 No.**	2021/22 No.	**2022/23 No.**	2021/22 No.	**2022/23 £'000**	2021/22 £'000
£0 - £20,000	5	40	35	13	40	53	448	364
£20,001 - £40,000	1	4	34	3	35	7	1,016	197
£40,001 - £60,000	1	1	28	3	29	4	1,304	183
£60,001 - £80,000	-	1	1	1	1	2	66	136
£80,001 - £100,000	1	-	-	-	1	-	88	-
£100,001 - £150,000	-	-	-	1	-	1	-	120
£150,001 - £200,000	-	-	-	-	-	-	-	-
Total	**8**	**46**	**98**	**21**	**106**	**67**	**2,921**	**1,000**

14 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 and to non-audit services provided by the Council's external auditors Grant Thornton.

	2022/23 £'000	2021/22 £'000
Fees payable to the External Auditor regarding external audit services carried out by the appointed auditor for the year	269	269
Fees payable to the External Auditor for the certification of grant claims and returns for the year	51	51
Fees payable in respect of other services provided by the External Auditor during the year	-	-
Total	**320**	**320**

15 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). Once allocated to a local authority an element is recouped by the EFA to fund academy schools in the Council's area. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are shown in the following table:

2021/22 £'000 Central Expenditure	2021/22 £'000 ISB	2021/22 £'000 Total		Notes	2022/23 £'000 Central Expenditure	2022/23 £'000 ISB	2022/23 £'000 Total
		403,690	Final DSG before academy and high needs recoupment				423,388
		223,289	Academy and high needs figure recouped for year	1			237,771
		180,401	**Total DSG after academy and high needs recoupment for year**				**661,159**
		-	Plus: Brought forward from previous year				-
		-	Less: Carry forward agreed in advance				-
29,264	151,137	180,401	Agreed initial budgeted distribution in year		69,386	116,232	185,618
-	246	246	In year adjustments	2	-	(690)	(690)
29,264	**151,383**	**180,647**	**Final budgeted distribution for year**		**69,386**	**115,542**	**184,928**
29,264	-	29,264	Less: actual central expenditure		85,019	-	85,019
-	166,029	166,029	Less: actual ISB deployed to schools		-	114,940	114,940
-	-	-	Plus: LA contribution for year		-	-	-
-	**(14,646)**	**(14,646)**	**In Year Carry forward**		**(15,633)**	**602**	**(15,031)**
		-	Carry forward agreed in advance				-
		-	Carried Forward				-
		(10,004)	DSG unusable reserve at the end of the previous year	3			(24,650)
		(14,646)	Addition to DSG unusable reserve at the end of year				(15,031)
		(24,650)	Total DSG unusable reserve at the end of the year	4			(39,681)
		(24,650)	**Net DSG position at the end of the year (Note 34)**				**(39,681)**

1. The academy recoupment in 2021/22 comprised 87 academies open at the start of the year plus 2 that converted in year. The academy recoupment in 2022/23 comprised 89 academies open at the start of the year plus 2 that converted in year.
2. The in-year estimated adjustment for the final early years block funding 2022/23 £658k, following the January 2023 census data up-date, due in summer 2023 and NNDR clawback to ESFA of £32k.
3. This is the brought forward figure from 2021/22.
4. The total carry forward deficit is £39.681m for the year. Included in the carry forward are surpluses from de-delegated budgets of £0.527m, £0.605m underspend in Early Years Block, £0.787m Schools Block underspend and the High Needs Transformation Programme of £0.928m, offsetting deficits of £42.520m in High Needs Block.

16 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23:

Credited to Taxation and Non Specific Grant Income

	2022/23 £'000	2021/22 £'000
Capital grants and contributions (Note 11 & see below)	53,834	44,432
Non service related government grants (Note 11)	48,236	59,107
Total	**102,071**	**103,539**

Capital grants and contributions

	2022/23 £'000	2021/22 £'000
Government grants applied:		
People	5,928	5,373
Growth & Regeneration	42,087	26,471
Resources	1,193	1,829
Housing Revenue Account	2247	477
Developer Contributions	953	10,282
Corporate Funding & Expenditure	1,426	-
Total Government Grants & Contributions applied	**53,834**	**44,432**
Government grants unapplied	-	-
Total grants credited to the CIES	**53,834**	**44,432**

Grants Credited to Services

	31-Mar 2023 £'000	31-Mar 2022 £'000
People		
Adult Education	2,222	1,681
Better Care Fund	17,016	-
Covid 19 - Education and Skills Funding Agency Grants	97	684
COVID-19 - Emergency Response Grants (Adult Social Care)	-	10,988
COVID-19 - Public Health Grants	577	5,288
Dedicated Schools Grant	183,626	180,647
Education	1,575	1,075
Education and Skills Funding Agency Grants	12,634	8,217
Education Services Grant	59	10
Homelessness Reduction & Support Grant	334	1,108
Homes for Ukraine	8,745	-
Independent Living Fund Grant	1,618	1,662
Other Social Care Grants (Adults)	7,271	3,403
Other Social Care Grants (Children)	9,502	6,368
PFI Special Grant	16,323	17,103
Public Health	34,588	33,643
Public Health - Other	1,622	2,208
Pupil Premium	6,783	6,918
Troubled Families	1,879	1,686
Youth Justice Board	911	714
REFCUS	8,398	12,925
Other	6,489	5,950
Growth & Regeneration	-	
Air Quality Grant	6,588	657
Arts Council England	2,308	2,105
Better Bus Area Fund	38	-
Covid 19 - Business Support Grants	-	3,804
Go Ultra Low Grant	-	109
Heat Networks	20,367	-
Homelessness Reduction & Support Grant	8,105	8,465
Innovate UK	-	77
North & South Bristol Enterprise Support Grants	736	635
Sustainable Travel Access Fund	330	976
SWERCOTS	411	420
Travel & Transport Grants	349	564
REFCUS	16,138	8,365
Other	5,139	5,323
Resources	-	
Covid 19 - Tax Income Guarantee 75%	8	-
Covid 19 - Test & Trace Support Grant	166	4,568
Covid 19 - Winter Grant	8,080	6,913
Discretionary Housing Payments	741	1,045
Housing Benefit (rent allowances/council tax benefit) subsidy	112,435	117,834
Housing Benefit Administration Subsidy	2,433	2,377
Other	361	1,490
Total	**507,002**	**468,005**

The Revenue Expenditure Funded from Capital Under Statute (REFCUS), the grant funding element, has not been represented correctly in three notes to the accounts, being note 17 - Grants Credited to Services, note 26 - Capital Expenditure and Capital Financing and note 34 - Unusable Reserves Capital Adjustment Account. These notes have now been amended in accordance with the Code of practice on local authority accounting and it should be noted that this amendment does not affect any balances on the primary statements.

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2023 £'000	31 March 2022 £'000
Capital Grants and Contributions Received in Advance		
Government grants	50,541	61,378
Section 106 contributions	48,870	41,741
Total	**99,411**	**103,120**
Due < 1 year	62,759	71,814
Due > 1 year	36,653	31,306
Total	**99,411**	**103,120**
Revenue grants (within creditors)		
People	11,688	4,693
Growth & Regeneration	1,061	1,943
Resources	366	1,155
Total	**13,115**	**7,791**

17 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2022/23	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(67,460)	(31,745)				(99,205)
Movement in the market value of Investment Properties	(74,073)	894				(73,179)
Amortisation of Intangible Assets	(4,620)	(505)				(5,126)
Capital grants and distributions	51,587	2,247				53,834
Revenue and expenditure funded from capital under statute	(10,015)		-			(10,015)
Amount 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	(20,710)	(14,398)				(35,108)
Changes in Fair Value of Financial Instruments (MiRs)	(5,181)					(5,181)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	17,522					17,522
Capital expenditure charged against the General Fund and HRA balances	1,291	3,487				4,778
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	12,818	21,841	(34,659)			0
Administrative costs of non-current asset disposals	-		-			-
Use of the Capital Receipts Reserve to finance new capital expenditure			24,913			24,913
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		-	-			-
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR						-
HRA depreciation credited to MRR		30,482		(30,482)		-
Use of the MRR to finance new capital expenditure				33,383		33,383
Adjustments involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Unapplied Capital Grants						-
Application of grants and contributions to capital financing					424	424
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177					177
Adjustments involving the Pensions Reserve:						-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 35)	(108,962)	(13,296)				(122,258)
Employer's pensions contributions and direct payments to pensioners payable in the year	46,892	5,119				52,010
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	52,680					52,680
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	672					672
Other Reserve Movements	(15,031)		6,978			(8,053)
Total Adjustment	**(122,414)**	**4,126**	**(2,768)**	**2,901**	**424**	**(117,731)**

2021/22	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(76,750)	(33,567)	-	-	-	(110,317)
Movement in the market value of Investment Properties	82,057	792	-	-	-	82,849
Amortisation of Intangible Assets	(5,475)	(470)	-	-	-	(5,945)
Capital grants and distributions	43,955	477	-	-	-	44,432
Revenue and expenditure funded from capital under statute	(5,483)	-	-	-	-	(5,483)
Amount 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	(20,992)	(9,306)	-	-	-	(30,298)
Changes in Fair Value of Financial Instruments (MiRs)	148	-	-	-	-	148
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	14,381	-	-	-	-	14,381
Capital expenditure charged against the General Fund and HRA balances	2,601	177	-	-	-	2,778
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,762	14,020	(18,781)	-	-	-
Administrative costs of non-current asset disposals	(188)	-	188	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16,646	-	-	16,646
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	(2,112)	2,112	-	-	-
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR	-	-	-	-	-	-
HRA depreciation credited to MRR	-	30,896		(30,896)		-
Use of the MRR to finance new capital expenditure	-	-	-	29,290	-	29,290
Adjustments involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Unapplied Capital Grants	-	-	-	-	-	-
Application of grants and contributions to capital financing	-	-	-	-	(475)	(475)
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	-	-	-	-	177
Adjustments involving the Pensions Reserve:						-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 35)	(92,969)	(12,169)	-	-	-	(105,138)
Employer's pensions contributions and direct payments to pensioners payable in the year	44,926	4,896	-	-	-	49,822
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	38,749	-	-	-	-	38,749
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,280	-	-	-	-	3,280
Other Reserve Movements	(1,795)	-	(1,448)	-	-	(3,243)
Total Adjustment	**31,385**	**(6,367)**	**(1,283)**	**(1,606)**	**(475)**	**21,654**

18 Usable Reserves

Reserves represent the Council's net worth and show its spending power. Usable reserves result from the Council's activities and can be spent in the future. This note sets out the amounts set aside and posted back to Usable Reserves in 2022/23, they include:

- General Fund Strategic Reserve – to cushion the impact of unexpected events or emergencies
- Earmarked Reserves – to provide financing to meet known or predicted future General Fund expenditure plans
- School Balances -amounts required by statute to be set aside for future expenditure in schools
- Dedicated Schools Grant (DSG) - this reserve held the deficit on the Schools Budget to be funded from future DSG income. In accordance with the Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2020 the deficit as at 31 March 2023 has been transferred to a new unusable reserve the Dedicated Schools Grant Adjustment Account. See Note 34 for further details.
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans

Details of specific earmarked reserves are as follows:

RESERVE	PURPOSE
Capital Investment Reserve	The capital reserve is maintained to provide funding for the Council's capital investments and growth in Enterprise areas.
Business Transformation Reserves	Invest to save funds. The reserve will be used to fund one-off costs attributed to delivery of savings in the currently agreed programme.
Risk Reserves	Risk Reserves Funds set aside to mitigate known risks not otherwise provided for including, volatility in Housing Benefit Subsidy and uninsured risks.
Statutory/Ring-fenced reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, for example Public Health Reserve, City Deal Business Rate Pooling, Stoke Park Dowry Covid 19 Support grant.
Technical/Financing Reserve	Technical Financial Reserves - Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations and resources set aside to match known contract liabilities.
Service specific reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, including: - Bristol Futures - to provide new technology to improve public services - Development Fund primarily to fund Docks Asset Survey existing and proposed regeneration schemes - Housing Support to provide support for homelessness issues

	01 April 2021	Transfers out	Transfers in	31 March 2022	01 April 2022	Transfers out	Transfers in	31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund Strategic Reserve	**(35,666)**	6,100	(10,508)	(40,074)	**(40,074)**	24,993	(14,443)	**(29,525)**
General Fund Earmarked Reserves								
Capital Investment Reserve	**(35,634)**	11,656	(13,116)	(37,094)	**(37,094)**	5,385	(8,359)	**(40,068)**
Business Transformation Reserve	**(3,333)**	1,899	(1,414)	(2,848)	**(2,848)**	772	(3,936)	**(6,011)**
Risk Management Reserve	**(105,993)**	134,247	(82,701)	(54,447)	**(54,447)**	40,229	(1,245)	**(15,463)**
Statutory/Ring-fenced Reserve	**(41,510)**	19,481	(27,077)	(49,106)	**(49,106)**	21,586	(28,030)	**(55,550)**
Financing Reserve	**(6,260)**	2,559	(547)	(4,248)	**(4,248)**	2,440	-	**(1,808)**
Service Specific Reserves	**(27,976)**	9,699	(7,415)	(25,692)	**(25,692)**	17,293	(3,242)	**(11,641)**
Total	**(220,707)**	179,540	(132,268)	(173,435)	**(173,435)**	87,705	(44,811)	**(130,540)**
School Reserves								
Schools – DSG	**-**	-	-	-	**-**	-	-	**-**
Schools - Balances	**(7,180)**	2,103	-	(5,077)	**(5,077)**	6,325	-	**1,248**
Schools - Other	**(348)**	-	(178)	(526)	**(526)**	73	(35)	**(489)**
Total Schools	**(7,529)**	2,103	(178)	(5,604)	**(5,604)**	6,398	(35)	**759**
Total Dedicated Schools grant Reserve								
HRA								
HRA General Reserve	**(97,791)**	-	(3,785)	(101,576)	**(101,576)**	2,781	-	**(98,795)**
Major Repairs Reserve	**(11,296)**	58,920	(60,526)	(12,902)	**(12,902)**	92,643	(89,742)	**(10,001)**
HRA Earmarked Reserves	**(651)**	-	(4)	(655)	**(655)**	-	-	**(655)**
Total HRA Reserves	**(109,737)**	58,920	(64,315)	(115,133)	**(115,133)**	95,424	(89,742)	**(109,451)**
Capital Reserves								
Capital Receipts	**(3,080)**	20,537	(21,012)	(3,555)	**(3,555)**	14,051	(13,627)	**(3,130)**
Capital Grants Unapplied	**(78,491)**	33,757	(35,041)	(79,774)	**(79,774)**	36,631	(39,399)	**(82,542)**
Total Usable Capital Reserves	**(81,571)**	54,294	(56,052)	(83,329)	**(83,329)**	50,682	(53,026)	**(85,673)**
TOTAL USABLE RESERVES	**(455,210)**	**300,957**	**(263,323)**	**(417,575)**	**(417,575)**	**265,202**	**(202,057)**	**(354,430)**

19 Property, Plant and Equipment Movements in 2022/23

The valuations, excluding vehicles, plant, equipment, infrastructure assets and community assets are carried out by Richard Fear, MRICS, Property Investment Manager – Growth & Regeneration. The basis for the valuation of all assets is set out in the statement of accounting policies.

- Movement of assets held at historic cost to depreciated replacement cost
- Specialised assets are valued on a depreciated replacement cost basis and are subject to several varying factors such as build costs

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Property, Plant & Equipment**	Infrastructure Assets	**Total Property, Plant & Equipment**	PFI Assets Included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**	£000s	**£000s**	£000s
Cost or Valuation										
At 1 April 2022	**1,960,283**	**684,821**	**99,232**	**8,614**	**34,539**	**29,587**	**2,817,076**	**-**	**2,817,076**	**27,715**
Additions	44,110	15,259	8,242	404	56,637	1,398	**126,050**	32,516	**158,566**	-
Accumulated Depreciation written out to Gross Carrying Amount after Revaluation	(29,844)	(18,158)	-	-	-	(238)	**(48,240)**	-	**(48,240)**	(676)
Revaluation Increases / (decreases) recognised in the Revaluation Reserve	(11,502)	16,374	-	(189)	-	(1,091)	**3,592**	-	**3,592**	2,281
Revaluation Increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(5,246)	-	(316)	(22,457)	390	**(27,629)**	-	**(27,629)**	-
Derecognition - Disposals	(14,229)	(9,334)	(2,408)	-	-	(215)	**(26,186)**	(9,887)	**(36,073)**	-
Assets reclassified to / from Held for Sale	-	-	-	-	-	(426)	**(426)**	-	**(426)**	-
Assets reclassified to / from Investment Property	-	-	-	-	820	426	**1,246**	-	**1,246**	-
Other movements in cost or valuation	368	31,018	-	-	(27,615)	(3,807)	**(36)**	37	**1**	-
At 31 March 2023	**1,949,186**	**714,734**	**105,066**	**8,513**	**41,924**	**26,024**	**2,845,447**	**-**	**2,845,447**	**29,320**
Accumulated Depreciation and Impairment										
At 1 April 2022	(15,094)	(17,716)	(47,129)	(564)	(179)	(126)	**(80,808)**	-	**(80,808)**	(335)
Depreciation Charge	(29,704)	(21,153)	(8,673)	(74)	-	(245)	**(59,849)**	(11,829)	**(71,678)**	(704)
Depreciation written out to Revaluation Reserve	29,844	18,158	-	-	-	238	**48,240**	-	**48,240**	676
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	**-**	-	**-**	-
Derecognition - Disposals	101	411	497	-	-	-	**1,009**	-	**1,009**	-
Other movements in depreciation and Impairment	1	(155)	-	-	148	8	**2**		**2**	-
At 31 March 2023	**(14,852)**	**(20,455)**	**(55,305)**	**(638)**	**(31)**	**(125)**	**(91,406)**	**-**	**(91,406)**	**(363)**
Balance Sheet at 31 March 2023	**1,934,334**	**694,279**	**49,761**	**7,875**	**41,893**	**25,899**	**2,754,040**	**327,917**	**3,081,957**	**28,957**
Balance Sheet at 1 April 2022	**1,945,189**	**667,105**	**52,103**	**8,050**	**34,360**	**29,461**	**2,736,268**	**317,080**	**3,053,348**	**27,380**

Property, Plant and Equipment Comparative movements in 2021/22

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	**Property, Plant & Equipment**	Infrastructure Assets	**Total Property, Plant & Equipment**	PFI Assets Included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**	£000s	**£000s**	£000s
Cost or Valuation										
At 1 April 2021	**1,765,900**	**657,981**	**89,944**	**7,870**	**23,662**	**43,830**	**2,589,187**	**-**	**2,589,187**	**26,904**
Additions	34,042	14,619	9,362	559	48,682	150	**107,414**	21,634	**129,048**	-
Revaluation Increases / (decreases) recognised in the Revaluation Reserve	158,521	50,013	-	114	(1,686)	(560)	**206,402**	-	**206,402**	1,452
Revaluation Increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(25,139)	-	-	(32,862)	(822)	**(58,823)**	-	**(58,823)**	(641)
Derecognition - Disposals	(8,363)	(5,769)	-	(3)	-	(13,011)	**(27,146)**	-	**(27,146)**	-
Assets reclassified to / from Held for Sale	-	-	-	-	-	-	**-**	-	**-**	-
Assets reclassified to / from Investment Property	-	-	-	-	-	-	**-**	-	**-**	-
Other movements in cost or valuation	10,183	(6,884)	(74)	74	(3,257)	-	**42**	(42)	**-**	-
At 31 March 2022	**1,960,283**	**684,821**	**99,232**	**8,614**	**34,539**	**29,587**	**2,817,076**	**-**	**2,817,076**	**27,715**
Accumulated Depreciation and Impairment										
At 1 April 2021	(14,378)	(16,726)	(38,579)	(416)	(4)	(124)	**(70,227)**	-	**(70,227)**	(318)
Depreciation Charge	(30,188)	(19,250)	(8,698)	-	-	(247)	**(58,383)**	(11,219)	**(69,602)**	(658)
Depreciation written out to Revaluation Reserve	29,403	-	-	-	-	-	**29,403**	-	**29,403**	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	17,938	-	-	-	245	**18,183**	-	**18,183**	641
Derecognition - Disposals	68	148	-	-	-	-	**216**	-	**216**	-
Other movements in depreciation and Impairment	1	174	148	(148)	(175)	-	**-**	-	**-**	-
At 31 March 2022	**(15,094)**	**(17,716)**	**(47,129)**	**(564)**	**(179)**	**(126)**	**(80,808)**	**-**	**(80,808)**	**(335)**
Balance Sheet at 31 March 2022	**1,945,189**	**667,105**	**52,103**	**8,050**	**34,360**	**29,461**	**2,736,268**	**317,080**	**3,053,348**	**27,380**
Balance Sheet at 1 April 2021	**1,751,522**	**641,255**	**51,365**	**7,454**	**23,658**	**43,706**	**2,518,960**	**306,707**	**2,825,667**	**26,586**

The authority has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The following useful lives and depreciation rates have been used:

- Council Dwellings 16–50 years.
- Other Land and Buildings 5–60 years.
- Vehicles, Plant, Furniture and Equipment 3–8 years.
- Infrastructure – 25 years (quay walls and lock gates in City Docks not depreciated as useful life beyond 100 years).

Capital Commitments

On 31 March 2023 the Council had entered several contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £60m (£107.9m in 2021/22).

Significant contractual commitments outstanding at 31 March 2023 were as follows:

		£m
New Housing Provision - Oakhanger, Lawrence Weston	Willmott Dixon Construction Ltd	13.6
Transport LED replacement lighting programme	Centregreat Ltd	8.1
New Housing Provision - Brentry	Vistry Homes Ltd t/a Vistry Partnerships West Ltd	7.1
Refurbishment - Bishport 5 (High Rise Blocks)	Rateavon Ltd	6.8
New Housing Provision - St Peter's	Stepnell Ltd	6.2
Replacement of EWI system -Eccleston & Phoenix House	SERS Energy Solutions Group Ltd	4.2
Bristol Beacon - Cultural refurbishment scheme	Willmott Dixon Construction Ltd	4.0
Temple Meads regeneration - Northern entrance & Southern gateways	Arcadis LLP	2.7
Schools SEND Expansion programme: Project Rainbow (Hawking House)	Vercity Management Services Limited t/a Bristol LEP Limited	2.5
South Bristol Light Industrial workspace units, Whitchurch Lane	Bray & Slaughter Ltd	2.2
Energy efficiency measures deliverable to domestic (low income) homes	Ameresco Ltd	1.8
Refurbishment - Gilton House (High Rise Blocks)	The Bell Group	1.0
	Total	60.2

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. All valuations were carried out internally. 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 Equipment are valued at historic cost, which is considered to be a suitable proxy for fair value.

The following table shows the effective valuation dates for all Property Plant and Equipment:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	**1,949,186**	**41,836**	**103,602**	**41,923**	**1,398**	**2,137,945**
01 Oct 2022	-	581,966	-	-	24,628	**606,594**
01 Oct 2021	-	37,871	1,464	-	-	**39,335**
01 Oct 2020	-	28,634	-	-	-	**28,634**
01 Oct 2019	-	9,636	-	-	-	**9,636**
01 Oct 2018	-	14,791	-	-	-	**14,791**
Total cost valuation	**1,949,186**	**714,734**	**105,066**	**41,923**	**26,026**	**2,836,935**

In addition, the Council has instructed its valuers to undertake a review of all assets held in the Other Land and Buildings category to ensure that the carrying value of assets last valued in previous years is not materially different from their fair value. To perform this exercise, the Other Land and Building category was split into subcategories, for example schools, car parks, leisure and culture etc. It was considered appropriate to reduce the properties within Property Plant and Equipment by £38.1m, primarily relating to Council Dwellings (£26.3m) and Land & Buildings (£10.6m).

20 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council.

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian books	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
01 April 2022	133,153	42,344	7,675	32,084	215,256
Additions	-	-	-	-	-
Revaluations	-	-	-	-	-
31 March 2023	**133,153**	**42,344**	**7,675**	**32,084**	**215,256**
Cost or valuation					
01 April 2021	129,888	42,594	7,675	27,249	207,406
Additions	475	-	-	-	475
Revaluations	2,790	(250)	-	4,835	7,375
31 March 2022	**133,153**	**42,344**	**7,675**	**32,084**	**215,256**

The above collection of Heritage Assets is predominantly valued on an annual insurance valuation basis, and some items classified as "other" are valued at historic cost.

Heritage Assets: Further Information on the Museum's collections

Loans

The Museum occasionally makes available loan items from its collection to regional and national museums and borrows collections for specific exhibitions. Collections not on display are held in secure storage but access is permitted on an appointment basis.

Preservation

The collections have been under the care of conservators since the 1940s. They specialise in antiquities, paintings, paper and photographs, and preventive conservation and are based at Bristol Museum and Art Gallery. Our conservators:

- Prepare artefacts for display.
- Set conservation standards for the refurbishment of permanent exhibitions.
- Prepare artefacts for loan to other institutions.
- Check new acquisitions.
- Assess the condition of objects and work on the installation of temporary exhibitions.
- Work to improve collections storage.
- Maintain permanent displays - this includes training staff and cleaning objects.

21 Investment Properties

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

	2022/23 £'000	2021/22 £'000
Rental income from Investment Property	12,300	12,014
Direct operating expenses arising from Investment Property	(1,884)	(318)
Net gain	**10,416**	**11,696**

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop Investment Property or to carry out repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of Investment Properties over the year:

	2022/23 £'000	2021/22 £'000
Balance at start of the year	356,640	275,903
Additions – purchases	-	-
Disposals	(47)	(2,112)
Net gains/losses from fair value adjustments	(73,179)	82,849
Transfers to/from Property, Plant and Equipment	(1,245)	-
Balance at end of the year	**282,169**	**356,640**

Gains or losses arising from changes in the fair value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment income and expenditure line.

Fair Value Hierarchy
Details of the authority's investment properties and information about the fair value hierarchy are as follows:

	Other significant observable inputs (Level2)	
	2022/23 £'000	2021/22 £'000
Retail	68,963	78,487
Industrial	153,232	209,606
Office	59,974	68,547
Balance at end of the year	**282,169**	**356,640**

The investment properties have been valued by the Council's in-house valuers (all RICS qualified) and by external specialists on an investment income basis which represents highest and best use overall.

There is a strong market for such property within Bristol with different markets for different sectors. Bristol City Council has a significant diverse portfolio of properties in the boundary of Bristol and has significant in-house experience of managing its estate. In determining the value of each asset, we have considered quoted prices for similar properties within the local market, existing lease terms and rentals, current market rentals and yields, the covenant strength for existing tenants and data and market knowledge from managing the Council's investment property portfolio, leading to the properties being categorised at Level 2 in the fair value hierarchy.

22 Intangible Assets

The Council accounts for its Information Technology (IT) system software as Intangible Assets which includes purchased licenses covering a period of more than a year. All software is amortised over five years (this is based on assessments of the period that the software is expected to be of use to the Council). All software is carried at cost (used as a proxy for fair value) given the short life of the asset.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £5.1m charged to revenue in 2022/23 was charged to the central ICT cost centre and the Housing Revenue Account. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Cost of Service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The main purchases relate to system improvements from within the IT Transformation programme (ITTP), the majority of which was spent in 2020/21. The next phase of system improvements has recently commenced in 2022/23 from within the Digital Transformation Programme (DTP) and the Housing Transformation Programme within the HRA.

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

	2022/23 £'000	2021/22 £'000
Balance at start of the year		
Gross carrying amounts	43,294	42,932
Accumulated amortisation	(26,289)	(20,345)
Accumulated impairment	(2,014)	(2,014)
Net carrying amount at start of year	14,991	20,573
Additions:		
Purchases	994	362
Amortisation for the period	(5,126)	(5,944)
Net carrying amount at the end of year	**10,859**	**14,991**
Comprising:		
Gross carrying amounts	44,288	43,294
Accumulated amortisation	(31,415)	(26,289)
Accumulated impairment	(2,014)	(2,014)
Balance at end of the year	**10,859**	**14,991**

23 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. The value of debtors and creditors reported in the table are those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and associated notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

	Long-Term		Current	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised cost				
Borrowing	(445,488)	(445,488)	(4,764)	(9,952)
Service Concessions	(108,797)	(116,238)	(9,833)	(9,101)
Creditors	(94)	(93)	(205,859)	(265,244)
Financial Liabilities at Fair Value through profit and loss				
Financial Derivative	-	-	(31,117)	-
Total Financial Liabilities	**(554,379)**	**(561,819)**	**(251,573)**	**(284,297)**
Financial Assets at amortised cost				
Investments	-	-	45,697	109,498
Debtors	21,974	24,548	119,645	96,011
Financial Assets at Fair Value through Other Comprehensive Income				
Investment	350	350	-	-
Financial Assets at Fair Value through profit and loss				
Investments	41,229	43,938	71,409	108,184
Total Financial Assets	**63,553**	**68,836**	**236,751**	**313,693**

Movements

The decrease in financial liabilities, circa £49m relates to an increase in the value of general creditors (£68m) during the year primarily due to government grants received in advance being utilised along and with the planned repayment of debt associated with Service concessions (£7m) and external borrowing (£5m). This was offset by a technical overdraft (£31m) that was settled by liquid cash held in the Council's Money Market Funds, classified as investments.

The financial assets decreased by circa £82m primarily through a combination of decreases in working capital and utilisation of reserves resulting in a reduction of resources to invest.

Borrowing

Current borrowing	31 March 2023 £'000	31 March 2022 £'000
Deposit loans (repayable at notice - up to 7 days)	168	285
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,179	8,251
- Banks and other monetary sector	1,138	1,137
- Energy improvement Loans	259	259
- Local bonds and Stocks	21	21
Total	**4,764**	**9,952**

Non-current borrowing	31 March 2023 £'000	31 March 2022 £'000
Public Works Loan Board	325,439	325,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
Total	**445,488**	**445,488**

Income, Expense, Gains or Losses
The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

Financial Instruments Gains and Losses 2022/23

	Financial Liabilities	Financial Assets			
	Measured at amortised cost	**Amortised Cost**	**Fair Value through the CI**	**Fair Value through the P&L**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Interest expense & Impairment Losses	(37,723)	-	-	-	(37,723)
Total expense in Surplus or Deficit on the Provision of Services	**(37,723)**	**-**	**-**	**-**	**(37,723)**
Interest Income	-	7,431	-	1,851	9,282
Fair Value Movement	-	-	-	710	710
Dividend Income	-	-	-	2,368	2,368
Total income in Surplus or Surplus / Deficit on the Provision of Services	**(37,723)**	**7,431**	**-**	**4,929**	**(25,363)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**
Net gain/(loss) for the year	**(37,723)**	**7,431**	**-**	**4,929**	**(25,363)**

Financial Instruments Gains and Losses 2021/22

	Financial Liabilities	Financial Assets			
	Measured at amortised cost	**Amortised Cost**	**Fair Value through the CI**	**Fair Value through the P&L**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Interest expense & Impairment Losses	(33,695)	-	-	-	(33,695)
Total expense in Surplus or Deficit on the Provision of Services	**(33,695)**	**-**	**-**	**-**	**(33,695)**
Interest Income	-	4,953	-	78	5,031
Fair Value Movement	-	-	-	148	148
Dividend Income	-	-	-	2,220	2,220
Total income in Surplus or Surplus / Deficit on the Provision of Services	**(33,695)**	**4,953**	**-**	**2,446**	**(26,296)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**
Net gain/(loss) for the year	**(33,695)**	**4,953**	**-**	**2,446**	**(26,296)**

Fair Value of Financial Assets and Property Assets

Some of the authority's financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Fair value measurements at 31 March 2023 using:			Fair value measurements at 31 March 2022 using:		
Descriptions	**Quoted prices in active markets**	**Observable inputs**	**Unobservable inputs**	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Recurring fair value measurements						
Fair Value through Profit and Loss						
Money Market Funds	71,409	-	-	108,184	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	24,000	-	-	28,000
Bristol Holdings (unquoted equity investment)	-	-	3,574	-	-	5,465
Other unquoted private companies	-	-	180	-	-	192
Pooled property fund	-	-	13,476	-	-	10,281
Fair Value through Other Comprehensive Income						
Other unquoted private companies	-	-	350	-	-	350
Total Non-traded securities:	**71,409**	**-**	**41,580**	**108,184**	**-**	**44,288**
Investment properties	**-**	**282,169**	**-**	**-**	**356,640**	**-**
Surplus properties	**-**	**-**	**-**	**-**	**29,462**	**-**
Total recurring fair value measurements	**71,409**	**282,169**	**41,580**	**108,184**	**386,102**	**44,288**
Non-recurring fair value measurements						
Assets held for sale	-	1,232	-	-	806	-
Total non-recurring fair value measurements	**-**	**1,232**	**-**	**-**	806	**-**

Valuation techniques and Inputs Description of asset	Valuation hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key sensitivities affecting the valuations provided
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been considered together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in Note 22)	Level 2	All investment properties have been valued by the Council's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.
Bristol Port Company	Level 3	This investment has been valued by an external specialist valuation company for financial year ending 31st March 2022 and refreshed by Council officers for this financial year on the same basis.	Calculations have been based an income approach to valuation, by applying a multiple derived from the market to a maintainable profit figure.	Changes to market conditions (local and global), and the comparable data used within the valuations. If the growth of future returns is greater or lesser by 0.5% than the 2% forecast, the fair value will be circa £1.7m higher or lower respectively.
Bristol Holdings	Level 3	This investment has been valued at the Council's share of each company's net assets.	Calculations have been based on their unaudited accounts as at 31 March 2023.	Valuations could be affected by the difference between audited and unaudited accounts.

Investments in other unquoted companies	Level 3	These investments have been valued at the Council's share of each company.	Calculations have been based on their latest audited accounts	The value of these companies is relatively low (£530k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Council's share within the pooled fund.	The valuation for Pooled Property Funds has been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £89k higher or lower respectively.

Transfers between levels of the fair value hierarchy

There were no transfers between levels 1 and 2 during the year.

Changes in valuation technique

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

Reconciliation of fair value measurements for assets at fair value within level 3

Description	31 March 2023 Non-traded securities £'000	31 March 2022 Non-traded securities £'000
Opening balance	44,287	**43,570**
included in the surplus/(deficit) on the Provision of Services	(2,708)	112
included in Other Comprehensive Income and Expenditure		-
Total gains/(losses) for the period:	**(2,708)**	**112**
Additions	-	831
Disposals	-	(225)
Closing balance	**41,580**	**44,287**

Gains and losses included in the surplus / (deficit) on the provision of services for the current year primarily relates to the investments in Bristol Port (-£4m), Homelessness Property fund (+£3.195k) and Bristol Holdings (+£1.891k).

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	**31 March 2023**		31 March 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Cash & Cash Equivalents	31,117	31,117	-	-
Public Works Loan Board (PWLB)	328,618	325,000	333,690	459,400
Lender Option Borrower Option	70,668	64,800	70,667	98,100
Market Debt	50,470	46,500	50,470	68,100
Current Creditors	205,859	205,859	265,244	265,244
Service Concessions	118,630	147,709	125,339	177,629
Other	590	590	707	707
Total Liabilities	**805,952**	**821,575**	**846,116**	**1,069,180**

The Authority has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £879k an decrease of £323m which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value for financial liabilities and assets has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above; the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2023		31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Current investments	30,343	30,343	103,948	103,948
Cash and Cash Equivalents	15,355	15,355	5,550	5,550
Non-current investments	1	1	0	0
Current Debtors	119,645	119,645	96,011	96,011
Non-current debtors	21,974	21,974	24,548	24,548
Total Financial Assets	**187,318**	**187,318**	**230,057**	**230,057**

The fair value of the assets is the same as the carrying value due to the majority of these assets having a maturity of less than 12 months or is a trade or other receivable where the fair value is taken to be the carrying amount or the billed amount.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Descriptions	Fair value measurements at 31 March 2023 using:			Fair value measurements at 31 March 2022 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'000
Recurring fair value measurements using: Financial Liabilities held at Amortised Cost						
Cash & Cash Equivalent		31,117			-	
Public Works Loan Board (PWLB)		328,618			333,690	
Lender Option Borrower Options		70,668			70,667	
Market debt		50,470			50,470	
Service Concessions		118,630			125,339	
Other		590			707	
Total		**600,094**			**580,873**	
Financial Assets held at amortised cost						
Current Investments		30,343			103,948	
Cash and Cash Equivalents		15,355			5,550	
Non-current Investments		1			-	
Non-current Debtors		21,974			24,548	
Total		**67,673**			**134,046**	

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

24 Nature and Extent of Risks Arising from Financial Instruments

The Authority'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 Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates and money 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, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. 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. These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 15th February 2022 and is available on the Council website.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and 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 irrecoverability applies to all the Authority's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

Allowance for Credit Losses

The following analysis summarises the Council's potential maximum exposure to credit risk on financial assets valued at amortised cost, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount	**Historical experience of default**	**Adjustment for market conditions**	**Estimated maximum exposure to default**	**Estimated maximum exposure to default**
	£0	**%**	**%**	**£0**	**£0**
	A	**B**	**C**	**(A*C)**	
Non-Current Investments:	**31-Mar-23**	**31-Mar-23**	**31-Mar-23**	**31-Mar-23**	**31-Mar-22**
Non-traded securities	-	0.00%	0.00%	-	-
Sub-total	**-**			-	-
Current Investments:					
Local Authorities	10,635	0.00%	0.00%	-	-
AA rated counterparties	20,077	0.02%	0.02%	4	3
A rated counterparties	14,985	0.05%	0.05%	7	20
Sub-total	**45,697**			**11**	**23**
Trade debtors	**119,645**			-	0
Non-current debtors	**21,974**			-	0
Total Financial assets	**187,316**			**11**	**23**

The estimated maximum exposure for credit loss for Treasury investments is £11k and a general allowance of £100k has been set aside for this.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its trade debtors, including amounts due from government departments and other Local Authorities.

The risk of loss for trade receivables is minimised by a combination of the following:

- Wherever possible obtaining payment in advance of service delivery
- Availability and encouragement to pay by direct debit
- A wide range of payment options available, including by telephone, internet, banks and retail networks (via the Allpay solution i.e. Payzone, Paypoint and Post Offices)
- Having a standardised recovery process including reminder letters and statement of accounts
- Utilising a corporate Debt Management Team to take an ethical debt approach to all types of debt with referral to External Debt Collection agencies or instigating Court claims only used as a last resort
- Negotiating flexible repayment plans for overdue debt where necessary

The write off of a debt is always the last option available and is only taken when all other appropriate measures have been taken to recover payment, and in cases of bankruptcy.

The bad debt provision is calculated by reference to the Council's historic experience with the provision being applied to debts over 60 days old and the value increasing according to the age of the debt.

Debtor analysis	**Gross debtor at**	**Allowance for credit losses at**	**Net debtor at**	**Net debtor at**
	31-Mar-23	**31-Mar-23**	**31-Mar-23**	**31-Mar-22**
	£'000	**£'000**	**£'000**	**£'000**
Local taxpayers	63,049	(41,506)	**21,543**	**21,853**
Housing rents	12,913	(9,673)	**3,240**	**3,001**
Other - sundry debtors	181,527	(38,166)	**143,361**	**122,053**
Total Other Entities and Individuals	**257,489**	**(89,345)**	**168,144**	**146,907**
Central Government bodies	12,214	-	**12,214**	**10,970**
Other local authorities	1,448	-	**1,448**	**1,509**
NHS bodies	1,115	-	**1,115**	**509**
Total debtors	**272,266**	**(89,345)**	**182,921**	**159,895**
Balance sheet debtors	**272,266**	**(89,345)**	**182,921**	**159,895**
Current debtors not qualifying as a financial instrument under IFRS	(104,781)	41,506	**(63,275)**	**(63,885)**
Current debtors qualifying as a financial instrument under IFRS	**167,485**	**(47,839)**	**119,646**	**96,010**

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2023	**31 March 2022**
	£'000	**£'000**
Less than three months	28,800	35,031
Three to four months	4,125	2,218
Four months to one year	18,446	17,837
More than one year	55,172	50,514
Total	**106,543**	**105,599**

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 to cover day-to-day cash flow need and the Public Works Loan Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	236,751	313,693
Between 1 and 2 years	1,712	1,712
Between 2 and 3 years	1,738	1,738
More than 3 years	60,103	65,386
Total	**300,304**	**382,529**

The maturity analysis of financial liabilities is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	251,573	284,297
1 - 2 Years	28,111	18,492
2 - 5 Years	72,197	59,646
5 - 10 Years	55,178	76,191
10+ Years	398,894	407,490
Total	**805,953**	**846,116**

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Council's debt portfolio along with the Council's approved minimum and maximum exposure is shown in the table below.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2023 £'000	%	Actual 31 March 2022 £'000	%
Less than 1 year	-	30	4,764	1%	9,952	2%
Between 1 and 2 years	-	40	5,000	1%	-	0%
Between 2 and 5 years	-	40	44,000	10%	32,000	7%
Between 5 and 10 years	-	50	5,000	1%	22,000	5%
More Than 10 Years	25	100	391,488	87%	391,488	86%
Total			**450,252**	**100%**	**455,441**	**100%**

Included within the maturity profile are £70m of LOBOS with maturities averaging 38 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

Market risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.

- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.

- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

At 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31-Mar 2023 £'000
Increase in interest receivable on variable rate investments	2,429
Impact on Surplus or Deficit on the Provision of Services	2,429
Share of overall impact debited to the HRA	1,740
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	151,700

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Council does not generally invest in equity shares but has recently invested in Bristol Holdings, a wholly owned subsidiary. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the prices of these shares. As the shareholding has arisen in the acquisition of specific interests, the Council is not able to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company so that the Council can monitor factors that might cause a fall in the value of specific holdings. These shares are valued at fair value.

Foreign exchange risk

During 2022/23 the Council received monies denominated in Euro's relating to the receipt of European grant. The authority also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

25 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), 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. Movements on the CFR are also analysed below.

	2022/23 £'000	2021/22 £'000
Opening Capital Financing Requirement	914,134	886,406
Capital investment		
Property, Plant and Equipment	158,566	129,299
Investment Properties	-	-
Heritage Assets	-	475
Intangible Assets	994	362
Long Term Investments / Debtors	2,740	1,131
Revenue Expenditure Funded from Capital under Statute	34,551	26,773
Capital Receipts set aside for repayment of debt	(11,718)	(1,970)
Sources of finance		
Capital receipts	(24,913)	(16,646)
Government grants and other contributions	(78,795)	(65,247)
Sums set aside from revenue:		
· Direct revenue contributions	(4,778)	(2,778)
· Use of Major Repairs Reserve	(33,382)	(29,290)
· MRP – City Council Debt	(17,522)	(14,381)
Closing Capital Financing Requirement	**939,877**	**914,134**
Explanation of movements in year		
Less Minimum Revenue Provision	(17,521)	(14,380)
Use of capital receipt for repayment of debt	(11,718)	(1,970)
Increase in underlying need to borrowing (unsupported by government financial assistance)	54,983	44,078
Increase in Capital Financing Requirement	**25,744**	**27,728**

26 Leases

Council as Lessor

Operating Leases

The Council leases out property within the commercial trading estate 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 future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	14,294	14,149
Later than one year and not later than five years	48,999	49,012
Later than five years	891,120	865,425
	954,413	**928,586**

The minimum lease payments receivable at 31 March 2023 and 2022 are based on the current rents receivable at the respective Balance Sheet dates. They do not include estimates of future rents reviews or contingent rents.

27 Service Concessions

Schools PFI Phase 1A

On 31st March 2004 the Council entered into a Private Finance Initiative (PFI) contract with Bristol Schools Limited. The contract provided for the design, construction and financing of four new secondary schools, Bedminster Down, Henbury School, Orchard School and Oasis Academy Brightstowe. All four schools were constructed and are operational. Bristol Schools Limited will maintain and operate the facilities for twenty-six years from the date the first school became operational.

A capital contribution of £5.346m was made to the first phase of the project by way of a cash payment. This was in respect of the provision of leisure facilities and of the retention of part of the site of Henbury School by the Council, for subsequent disposal.

As at 31st March 2023 cumulative payments totalling £171m (£161m in 2021/22) have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2023/24	3,388	2,550	3,592	(14)	9,516
2024/25 to 2027/28	14,421	12,822	11,075	2,617	40,935
2028/29 to 2031/32	13,347	15,163	4,108	865	33,483
Total	**31,156**	**30,535**	**18,775**	**3,468**	**83,934**

Over the life of the PFI project, the Council is scheduled to receive government grant of £134.8m.

Schools PFI Phase 1B and 1C, Building Schools for the Future

During 2006/07 the Council entered into a PFI contract with Bristol PFI Limited to design, build, finance and operate four additional schools in Bristol. A Local Education Partnership (LEP) was also created to manage the supply chain and deliver the four schools. The partnership is between Skanska Education Partnerships (80%), Partnership for Schools (10%) and Bristol City Council (10%). The schools are Brislington Enterprise College, Bristol Brunel Academy, Bristol Metropolitan Academy and Bridge Learning Campus. Bristol PFI Limited will maintain and operate the facilities for twenty-seven years from the date the first school became operational.

A capital contribution of £9.569m was made to the project by way of a cash payment. This was used towards the cost of the Bridge Learning Campus and provision of leisure facilities at Bristol Brunel Academy.

As at 31st March 2023 cumulative payments totalling £255m (£234m in 2021/22) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2023/24	5,835	4,134	5,062	5,276	20,307
2024/25 to 2027/28	25,082	17,681	17,040	23,420	83,223
2028/29 to 2032/33	35,680	32,565	12,352	28,011	108,608
2033/34 to 2036/37	10,799	11,350	1,086	8,104	31,339
Total	**77,396**	**65,730**	**35,540**	**64,811**	**243,477**

Over the life of the PFI project, the Council is scheduled to receive government grant of £326.3m.

Hengrove Leisure Centre

In April 2010 the Council entered into a PFI contract with Bristol Active Limited to design, build, finance and operate a new leisure centre, and associated car park, in Hengrove. The centre opened in February 2012 and Bristol Active Limited will operate and maintain the facility until 2037.

The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

A capital contribution of £7.161m was made to the project by way of a cash payment. This was used to fund the capital works for the Car Park and as a contribution towards the capital works of the Leisure Centre.

As at 31 March 2023 payments totalling £39m (£35m at 31 March 2022) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	**Payment for Services**	**Repayment of Liability**	**Interest**	**Other**	**Total**
	£'000	£'000	£'000	£'000	£'000
2023/24	375	478	1,206	1,517	3,576
2024/25 to 2027/28	1,595	2,357	4,319	6,232	14,503
2028/29 to 2032/33	2,189	4,132	3,702	8,585	18,608
2033/34 to 2036/37	1,914	4,651	1,218	7,293	15,076
Total	**6,073**	**11,618**	**10,445**	**23,627**	**51,763**

Over the life of the PFI project, the Council is scheduled to receive government grant of £69.6m.

Property, Plant and Equipment

The PFI assets, and related liabilities, have been recognised on the Council's balance sheet when made available for use. Movements in their value over the year are detailed in the analysis of the movements on the Property, Plant and Equipment balance in Note 19. The assets will be transferred back to the Council at the end of the contracts for nil consideration.

Locally managed schools transferring to Academy status are granted a 125 year peppercorn lease and, in response to CIPFA guidance, are de-recognised from the Council's accounts as control of these assets is transferred to the Academy.

Payments are made to the PFI contractors as monthly "unitary payments". The estimated payments the Council will make under the contracts are shown below.

These payments are commitments and can vary subject to indexation, reductions for performance and availability failures, and possible future variations to the scheme.

The funding of the unitary payment for the School PFI schemes will come from the individual schools budget, the overall schools budget and a special government grant. The Hengrove Leisure unitary payment will be funded by the special government grant, with the balance provided from Sports Services budgets. PFI payments are accounted for in the year in which the service was provided and are allocated to repayment of the liability, finance cost, service charge and other costs (lifecycle cost and contingent rents).

The unitary payments have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and the interest payable on financing the capital expenditure. The Hengrove Leisure PFI contains a significant amount of third party income, this is income received directly by the PFI Contractor from the users of the facility. The payment for services has been shown net of this estimated income, as the unitary payments have been reduced to reflect the operator's right to this income. The outstanding liability due to the contractor for reimbursement of capital expenditure is as follows:

	Schools		Hengrove Leisure	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
Balance outstanding at the start of year	102,555	108,712	12,115	12,761
Movement in year	(6,290)	(6,157)	(497)	(646)
Balance outstanding at year end	**96,265**	**102,555**	**11,618**	**12,115**

The above listed commitments are affected by past inflation – previous price rises will be built into future payments. They are also affected by future inflation, which gives rise to uncertainty.

Bristol Waste Contract

In 2022/23 the Council continued the service contract with Bristol Waste Company to provide recycling and waste services. The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

During the year Bristol Waste acquired £2.6m of assets to support the provision of waste services.

The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Total £'000
2023/24	31,347	2,655	263	34,265
2024/25 to 2026/27	74,708	8,091	344	83,143
Total	**106,055**	**10,746**	**607**	**117,408**

Total Balance Outstanding on all Service Concessions is shown in the table below:

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2022/23 £'000	2021/22 £'000	**2022/23 £'000**	2021/22 £'000	**2022/23 £'000**	2021/22 £'000	**2022/23 £'000**	2021/22 £'000
Balance outstanding at the start of year	102,555	108,712	12,115	12,761	10,669	11,388	125,339	132,861
Movement in year	(6,290)	(6,157)	(497)	(646)	77	(719)	(6,710)	(7,522)
Balance outstanding at year end	**96,265**	**102,555**	**11,618**	**12,115**	**10,746**	**10,669**	**118,629**	**125,339**

28 Debtors

		31 March 2023 £'000	31 March 2022 £'000
i	**Current debtors**		
	Trade receivables	27,822	28,981
	Prepayments	7,748	7,089
	VAT	12,502	11,462
	Other	134,849	112,363
	Total	**182,921**	**159,895**

Impairments for doubtful debts are detailed in Note 24.

		31 March 2023 £'000	31 March 2022 £'000
ii	**Long-term debtors**		
	Mortgages	190	190
	Capital loans (Probation/Fire/LEP/Bristol Waste)	21,535	24,109
	South Gloucestershire Council	327	327
	Former county Council debt	34,734	36,181
	Total	**56,786**	**60,807**

29 Inventories

	31 March 2023 £'000	31 March 2022 £'000
Stock	2,356	1,861
Work in Progress	-	25,117
Total	**2,356**	**26,978**

30 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2023 £'000	31 March 2022 £'000
Cash held by the Council	253	260
Bank current accounts	(31,118)	(19,709)
Short-term deposits with banks / building societies	86,511	133,184
Total Cash and Cash Equivalents	**55,646**	**113,735**

31 Creditors

Current liabilities	31 March 2023 £'000	31 March 2022 £'000
Trade payables	34,746	25,217
Other payables	158,255	179,339
Receipts in advance	33,423	92,208
Total	**226,424**	**296,764**

Other long-term liabilities	31 March 2023 £'000	31 March 2022 £'000
Service Concession contract liabilities (see Note 28)	108,815	116,238
Retirement benefit obligations (see Note 35)	355,926	1,025,888
Deferred liabilities	36,181	37,689
Deferred capital receipts	-	-
Rent Deposits	94	93
Total	**501,016**	**1,179,908**

Deferred liabilities are amounts which, by arrangement, are payable beyond the next year, at some point in the future or are to be paid off by an annual sum over a period. As at the 31 March 2023 the liability in the Council's Balance Sheet of £36.2m (2022: £37.7m) comprised of former county Council loan debt.

Deferred capital receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on the sale of Council houses, which form part of mortgages under long term debtors.

32 Provisions

	Balance at 31 March 2022	Additional provisions made in 2022/23	Amounts used in 2022/23	Balance at March 2023	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation	-	(20)	-	(20)	(20)	-
Succesion Planning	(1,080)	(266)	771	(575)	(575)	-
Insurance fund	(1,775)	(907)	953	(1,729)	(1,238)	(491)
NDR Provision for appeals	(25,200)	(9,568)	10,316	(24,452)	-	(24,452)
Legal	(498)	-	-	(498)	(498)	-
Pay Award	-	(149)	-	(149)	(149)	-
Other	(300)	(6)	-	(306)	-	(306)
	(28,854)	**(10,916)**	**12,040**	**(27,729)**	**(2,480)**	**(25,249)**

	31 March 2022	March 2023
Due < 1 year	(2,849)	(2,480)
Due > 1 year	(26,005)	(25,249)
	(28,854)	**(27,729)**

Details of the provisions are shown in the table below:

Provision	Purpose
Business Transformation	Covered exit costs arising from the Council's restructure proposals. This provision has been unutilised in year.
Succession Planning	Covers the cost of exit costs arising from the Council's succession planning.
Insurance fund	Covers certain risks arising from employer's liability and public liability, supplementing the Council's arrangement with external insurers, together with other risks.
NDR Provision for appeals	Covers the cost of future appeals
Legal	Created to cover the costs of various outstanding legal cases within Adult Social Care
Solbury pay award	Covers the cost of backdated pay award yet to be settled.
Other	Other provisions are individually not material

33 Unusable Reserves

	31 March 2023 £'000	31 March 2022 £'000
Revaluation Reserve	(1,177,707)	(1,199,657)
Capital Adjustment Account	(1,522,202)	(1,579,816)
Financial Instruments Adjustment Account	6,543	6,721
Deferred Capital Receipt Reserve	(10,026)	(12,851)
Pensions Reserve	355,927	1,032,629
Collection Fund Adjustment Account – Council tax	(1,746)	7,526
Collection Fund Adjustment Account – NNDR	(159)	38,988
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	(1,588)	2,671
Accumulated Absences Account	9,436	10,108
Dedicated Schools Grant Adjustment Account	39,681	24,650
	(2,301,841)	(1,669,030)

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

	2022/23 £'000	2022/23 £'000	2021/22 £'000	2021/22 £'000
Balance at 1 April		(1,199,657)		(987,171)
Upward revaluation of assets	(33,661)		(257,767)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	30,069		14,337	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(3,592)		(243,430)
Amount written off to the Capital Adjustment Account		25,542		30,944
Balance at 31 March		**(1,177,707)**		**(1,199,657)**

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 as depreciation, impairment losses and amortisation are 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 26 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	(1,579,816)	(1,510,865)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	71,679	69,603
Revaluation losses on Property, Plant and Equipment	27,628	40,640
Amortisation of Intangible Assets	5,126	5,945
Movement in the fair value of financial Instruments	5,079	(75)
Revenue Expenditure Funded from Capital Under Statute	34,551	26,773
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	35,108	30,298
	(1,400,645)	(1,337,681)
Adjusting amounts written out of the Revaluation Reserve	(25,542)	(30,944)
Net written out amount of the cost of non-current assets consumed in the year	(1,426,187)	(1,368,625)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(24,913)	(16,646)
Use of the Major Repairs Reserve to finance new capital expenditure	(33,383)	(29,290)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(78,795)	(65,247)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(17,522)	(14,381)
Use of the Capital Receipts Reserve for repayment of Long-Term Investments financed by borrowing	(11,718)	(1,970)
Long Term Capital Investment repaid	1,915	1,970
Capital expenditure charged against the General Fund and HRA balances	(4,778)	(2,778)
	(1,595,381)	(1,496,967)
Movements in the market value of Investments debited or credited to the Comprehensive Income and Expenditure Statement	73,179	(82,849)
Balance at 31 March	**(1,522,202)**	**(1,579,816)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2023 will be charged to the General Fund over the next 37 years.

	2022/23	2022/23	2021/22	2021/22
	£'000	£'000	£'000	£'000
Balance at 1 April		6,721		6,898
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(178)		(177)	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(178)		(177)
Balance at 31 March		**6,543**		**6,721**

Deferred Capital Receipts Reserve

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

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	(12,851)	(1,448)
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the comprehensive income and expenditure statement	-	(12,851)
Transfer to the capital receipts reserve upon receipt of cash	2,825	1,448
Balance at 31 March	**(10,026)**	**(12,851)**

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 the pension fund or eventually pays 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.

	2022/23 £'000	2021/22 £'000
Balance at 1 April	1,032,629	1,141,369
Remeasurements on pensions assets and liabilities	(164,056)	(164,056)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	105,138	105,138
Employer's pensions contributions and direct payments to pensioners payable in year	(49,822)	(49,822)
Balance at 31 March	**923,889**	**1,032,629**

Collection Fund Adjustment Account

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

	2022/23 £'000	2021/22 £'000
Balance at 1 April	49,186	87,935
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(52,679)	(38,749)
Balance at 31 March	**(3,493)**	**49,186**

Accumulated Absences Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance be neutralised by transfers to or from the account.

	2022/23 £'000	2022/23 £'000	2021/22 £'000	2021/22 £'000
Balance at 1 April		**10,108**		**13,388**
Settlement or cancellation of accrual made at the end of the preceding year	(10,108)		(13,388)	
Amounts accrued at the end of the current year	9,436		10,108	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(672)		(3,280)
Balance at 31 March		**9,436**		**10,108**

Dedicated Schools Grant Adjustment Account

Regulations effective from 1st April 2020 require that a Schools Budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the Secretary of State for Education to fund the deficit from the General Fund. They also require that where a local authority has a deficit on its Schools Budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, it must not charge the amount of that deficit to a revenue account, but instead record any such deficit in a separate account. The Dedicated Schools Grant Adjustment Account has been created for that purpose and the in-year deficit for 2020/21 and cumulative deficit brought forward as at 1st April 2020 have been transferred into that account. Prior to 2020/21 this was treated as a useable reserve. Further details on the deployment of DSG are provided in Note 16.

	2022/23 £'000	2021/22 £'000
Balance at 1 April	24,650	10,004
Transfer of the opening Dedicated Schools Grant deficit from earmarked revenue reserves	-	-
Reversal of the Dedicated Schools Grant within the surplus deficit on the provision of services in the Comprehensive Income and Expenditure Account	15,031	14,646
Balance at 31 March	**39,681**	**24,650**

34 Pensions

Participation in Pension Schemes

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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

The Local Government Pension Scheme (LGPS) - all staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and pensionable salary. The LGPS is a funded defined benefit pension arrangement for local authorities and is governed by statute principally now the Local Government Pension Scheme Regulations 2013.

The Teachers' Pension Scheme - Teachers employed by the Council are members of the Teachers' Pension Scheme, administered on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is a multi-employer defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

The rate of contribution for 2022/23 was 23.77% resulting in a total payment of £10.991m (£10.864m in 2021/22) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.533m (£2.492m in 2021/22) in respect of pensions and added years where the early retirement of teachers was agreed. The Council also met its share of the residual liability for former Avon County Council employees, amounting to £1.511m (£1.586m in 2021/22). The estimated liability for unfunded payments has been calculated by the actuary and is included in the Balance Sheet.

The National Health Service Pension Scheme – In 2022/23 a total payment of £0.434m (£0.402m in 2021/22) was made to the NHS Pension Scheme, following the transfer of public health responsibilities from primary care trusts.

Accounting Transactions relating to retirement benefits

The Council recognises 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 required to be made against Council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2022/23 £'000	2021/22 £'000	**2022/23 £'000**	2021/22 £'000
Income and Expenditure Account				
Net cost of services				
Current service cost	**92,557**	84,900	**-**	-
Past service gains/curtailment costs/Settlements	**817**	(4,184)	**-**	-
Administration expense	**1,329**	1,251	**-**	-
Financing and Investment Income Expenditure				
Net interest cost	**26,244**	21,860	**1,311**	1,311
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**120,947**	103,827	**1,311**	1,311
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurements (assets/liabilities)	**(747,127)**	(164,233)	**177**	177
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19	**(120,947)**	(103,827)	**(1,311)**	(1,311)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	**47,929**	45,741	**4,081**	4,081

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2022/23 to reflect the current service cost and an appropriate share of the net interest cost. The latter item has been apportioned to the HRA on the basis of pensionable pay.

Assets and Liabilities in relation to Retirement Benefits

	Funded liabilities:		Unfunded liabilities:		Unfunded liabilities:		Total Liability	
	Local Government Pension Scheme		Local Government Pension Scheme		Teachers' Unfunded Pensions		Local Government & Teachers Pensions	
	2022/23	2021/22	**2022/23**	2021/22	**2022/23**	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
01-Apr	(2,985,598)	(2,925,287)	(32,200)	(34,356)	(61,899)	(64,492)	(3,079,697)	(3,024,135)
Current service cost	(92,557)	(84,900)	-	-	-	-	(92,557)	(84,900)
Interest on pension liabilities	(82,784)	(60,666)	(865)	(692)	(1,677)	(1,311)	(85,326)	(62,669)
Contributions by scheme participants	(14,766)	(13,731)	-	-	-	-	(14,766)	(13,731)
Remeasurement (liabilities)								
Experience gain/(loss)	(336,889)	(8,018)	(2,946)	(94)	(4,277)	(180)	(344,112)	(8,292)
Gain/(loss) on financial assumptions	1,202,061	1,601	7,856	0	14,167	(617)	1,224,084	984
Gain/(loss) on demographic assumptions	65,664	22,566	680	237	1,952	620	68,296	23,423
Benefits paid	72,801	72,863	2,582	2,705	4,045	4,081	79,428	79,649
Past service grants, curtailment costs and settlements	(817)	9,974	-	-	-	-	(817)	9,974
31-Mar	**(2,172,885)**	**(2,985,598)**	**(24,893)**	**(32,200)**	**(47,689)**	**(61,899)**	**(2,245,467)**	(3,079,697)

Reconciliation of fair value of the Local Government Pension Scheme assets:

	2022/23 £'000	2021/22 £'000
01-Apr	2,053,915	1,896,322
Interest on plan assets	57,771	39,498
Remeasurement (assets)	(201,318)	147,941
Administration expense	(1,329)	(1,251)
Settlements	0	(5,790)
Employer contributions	41,224	39,032
Contributions by scheme participants	14,766	13,731
Benefits paid	(75,383)	(75,568)
31-Mar	1,889,646	2,053,915

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

The actual return on plan assets in the year was (£151,692m) (2021/22 £187,439m).

Scheme History – Pension Assets and Liabilities Recognised in the Balance Sheet:

	2022/23 £'000	2021/22 £'000	2020/21 £'000
Present value of liabilities:			
Local Government Pension Scheme	(2,197,778)	(3,017,798)	(2,959,643)
Teachers' unfunded liabilities	(47,689)	(61,899)	(64,492)
Fair value of assets in the Local Government Pension Scheme	1,889,646	2,053,915	1,896,322
Surplus/(deficit) in the scheme:			
Local Government Pension Scheme	(308,132)	(963,883)	(1,063,321)
Teachers' unfunded liabilities	(47,689)	(61,899)	(64,492)
Total	(355,821)	(1,025,782)	(1,127,813)

The total liabilities shown in the Balance Sheet comprise the above (£355,821m) together with a small amount in respect of pre-1974 liabilities (£0.105m) totalling (£355,926m).

Basis for Estimating Assets and Liabilities

Liabilities have been assessed using the projected unit credit actuarial cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council's Fund being based on the latest full valuation of the scheme as at 31 March 2023.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2022/23	**2021/22**	**2022/23**	**2021/22**
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.4	23.1	22.4	23.1
Women	24.4	25.3	24.4	25.3
Longevity at 75 for current pensioners:				
Men	-	-	13.8	14.3
Women	-	-	15.3	16.1
Longevity at 65 for future pensioners:				
Men	23.7	24.6	-	-
Women	26.4	27.3	-	-
		%		%
Rate for discounting scheme liabilities	4.8	2.8	4.9	2.8
Rate of inflation - CPI	2.7	3.4	2.7	3.5
Rate of increase in salaries	4.2	4.9	-	-
Rate of increase in pensions	2.8	3.5	2.8	3.6

The estimated Macaulay duration of liabilities (at later of 31 March 2022 or admission date) is 16.5 years retired.

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, while 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 actuary has provided a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period. The table below shows how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the 31 March 2023.

Impact on the Defined Benefit Obligation in the Scheme (LGPS)	**2022/23**	**2021/22**
	£'000	**£'000**
Longevity (increase or decrease by 1 year)	47,931	95,116
Rate of inflation (increase or decrease by 0.1%)	97,798	53,125
Rate of increase in salaries (increase or decrease by 0.1%)	11,752	4,325
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(180,229)	(51,281)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	**2022/23**	**2021/22**
	£'000	**£'000**
Longevity (increase or decrease by 1 year)	1,822	2,396
Rate of inflation (increase or decrease by 0.1%)	975	635
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,640)	(568)

Local Government Pension Scheme assets comprise

Asset Category	Sub-Category	Quoted (Y/N)	31 March 2023 £'000	31 March 2022 £'000
Equities	Global Quoted	Y	659,184	834,765
	Sub-total equities		**659,184**	**834,765**
Bonds	UK Government Indexed	Y	362,737	254,567
	Sterling Corporate Bonds	Y	168,027	153,395
	Sub-total bonds		**530,764**	**407,962**
Property	Property Funds		124,414	136,639
	Sub-total property		**124,414**	**136,639**
Alternatives	Hedge Funds	Y	11,263	59,239
	Diversified Growth Funds	Y	118,972	188,636
	Infrastructure	Y	165,911	179,772
	Secured Income	Y	152,910	163,665
	EFT's	Y	45,276	36,646
	Private Debt	Y	45,200	14,053
	Sub-total alternatives		**539,531**	**642,011**
Cash and equivalents	Cash Accounts	Y	35,752	32,538
	Sub-total cash		**35,752**	**32,538**
Total Assets			**1,889,646**	**2,053,915**

Governance and Risk Management

The liability associated with the Council's pension arrangements is material to the Council, as is the cash funding required.

Local Government Pension Scheme

Governance

As administering authority, Bath and North East Somerset Council (B&NES), has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations. B&NES delegates its responsibility for administering the Fund to the Avon Pension Fund Committee, which is the formal decision making body for the Fund. The Avon Pension Fund Committee is responsible for the investment, funding, administration and communication strategies. It also monitors the performance of the fund and approves and monitors compliance of statutory statements and policies required under the Regulations. The Committee is supported by an Investment Panel which considers the investment strategy and investment performance in greater depth.

Asset and Liability (ALM) Strategy

The Avon Pension Fund does not have an explicit asset and liability matching strategy. The primary objective of its investment strategy is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. When setting the investment strategy, the expected volatility of the assets relative to the value placed on the liabilities was measured and taken into account. The aim of the strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the Fund.

To achieve its investment objective the Fund invests across a diverse range of assets such as equities, bonds, property and other alternative investments, and uses several investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions. As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. A new triennial valuation was completed on 31 March 2022 and is effective from 1 April 2023.

The provisions of the LGPS and the Fund were amended with effect from 1 April 2014. Prior to that date benefits were paid on members' final salaries, whereas for service after that date benefits are based on career average salaries.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 are £41.224m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2023 are £4.045m.

Unfunded Teachers' Discretionary Benefits

The Council is responsible for any additional discretionary pension benefits awarded to teachers upon early retirement outside of the terms of the teachers' pension scheme.

Governance

The Teachers' Pension Scheme arrangements are managed centrally by government departments/agencies, and there is no material involvement for the Council.

Impact on the Council's Cash Flows

The Scheme targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the Scheme and their salary when they leave the Scheme ("final salary scheme") for service up to 31 March 2015, and on a revalued average salary ("career average scheme") for service from 1 April 2015.

The Council's involvement is limited to additional discretionary pension benefits to retired teachers which were rewarded at the point of retirement.

Risks Strategy

Given their unfunded nature, there are no investment risks in relation to this scheme. The greatest single risk is that the Government could change the funding standards relating to the scheme, increasing the Council's contributions.

Investment Risks

There are no investment risks in relation to these arrangements, given their unfunded nature. The greatest single risk is that the government could change the funding standards relating to them, which could increase the Council's contributions to them.

35 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following significant items:

	2022/23 £'000	2021/22 £'000
Interest received	8,492	4,901
Interest paid	(37,865)	(33,806)
Dividends received	2,368	2,221

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

	2022/23 £'000	2021/22 £'000
Depreciation, impairment and downward revaluations	99,307	110,243
Amortisation	5,126	5,945
Increase/(decrease) in impairment for bad debt	239	1,317
(Decrease)/increase in creditors	(70,725)	75,619
(Increase)/decrease in debtors	(29,538)	(16,628)
(Increase)/decrease in inventories	24,622	(14,562)
Movement in pension liability	76,989	62,027
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	35,108	29,293
Other non-cash items charged to the net surplus or deficit on the provision of services	74,763	(86,651)
Net cash flows from non-cash movements	**215,890**	**166,603**

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2022/23 £'000	2021/22 £'000
Any other items for which the cash effects are investing or financing cash flows	(78,795)	(43,957)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(24,856)	(29,332)
	(103,650)	**(73,289)**

36 Cash Flow Statement - Investing Activities

	2022/23 £'000	2021/22 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(154,776)	(132,850)
Purchase of short-term and long-term investments	(202,900)	(183,000)
Other (payments)/receipts for investing activities	(490)	(1,710)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	30,248	15,635
Proceeds from short-term and long-term investments	276,900	144,000
Other receipts from investing activities	76,533	79,842
Net cash flows from investing activities	**25,515**	**(78,083)**

37 Cash Flow Statement - Financing Activities

	2022/23 £'000	2021/22 £'000
Cash receipts of short- and long-term borrowing	1	-
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(9,272)	(9,017)
Repayments of short- and long-term borrowing	(6,626)	(1,570)
Council tax and NNDR adjustments	929	3,500
Net cash flows from financing activities	**(14,968)**	**(7,088)**

38 Related Parties

The Council is required to disclose 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.

Some Members or members of their close families, have an interest in voluntary organisations and community groups awarded grants by the Council. Both Council members and Executive Directors have been asked to provide information regarding related party transactions. From the information received, it is believed that there have not been any significant transactions involving Executive Directors during the year however one Member has disclosed that a close family member is a Director of Bristol Food Network which has a contract with the Council to deliver a number of food related activities.

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides the majority of its funding in the form of grants, which are disclosed in Note 17.

The Council has interests in a number of companies over which it has significant influence or control as set out below.

Name	Nature of Council relationship	Transactions with the Council	Nature of transactions	Balances owed to / (from) the Council as at 31 3 2023
Bristol Holdings Limited	100% subsidiary The Council has one Director post on the Board.	£21.1k recharges from BCC and £9k recharges to BCC	Recharges	£265.6k preference share interest owed to BCC
Bristol Waste Company	100% subsidiary of Bristol Holding Limited The Council has one Director post on the Board.	£51.4m payments by Council to company £1.3m recharges from Company to Council	Contract for waste collection and recycling services Recharges	£7.1m loan from BCC for the acquisition of waste vehicles. £1.3m owed by the Council.
Goram Homes Ltd	100% subsidiary of Bristol Holdings Limited. The Council has one Director post on the Board.	Working capital facility £3.8m and £10.6m loan	Development of building projects	£10.6m loan
Bristol Heat Networks Limited (formally Energy Service Bristol Limited)	100% subsidiary of Bristol Holdings Limited. The Council has one Director post on the Board.	Repayment of £23.7m loan	Operation of heat network energy centres	Nil
Bristol Energy & Technology Services (Supply) Limited	100% subsidiary of Bristol Holdings Limited The Council has one Director post on the Board. The company is currently dormant.	None	N/A	Nil
Bristol is Open Limited	100% owned subsidiary The Council has one Director posts on the Board.	None	N/A	Nil
Bristol Local Education Partnership (LEP) Ltd	Joint venture with BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and Skanska Infrastructure Development UK Limited 80% (sold in Oct 20 to IIC Bristol Infrastructure Ltd) The Council has one director post on the board.	£9.3m payments to the company	Provision of ICT and construction services to schools in Bristol.	Nil
City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Bristol Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Bristol City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Energy	100% owned subsidiary.	None	N/A	Nil

Partnership Limited	The Council has one director post on the board. The Company is currently dormant.			
Bristol Infrastructure Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Energy Service Bristol Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Energy Partnership Limited	Joint Venture with Ameresco Inc for the delivery of services under the City Leap concession agreement. The Council has two directors on the Board	None	Joint venture company for the provision of services relating to energy infrastructure projects and investment within Bristol as part of the City Leap project.	Nil

West of England Partnership

Four unitary authorities - Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council - continue to work together and co-ordinate high level planning to improve the quality of life of their residents and provide for a growing population. This joint work focuses on activities that are better planned at the West of England level, rather than at the level of the individual Council areas.

The partnership is not a partnership in law, nor a formal decision making body, and does not have the power to bind the four unitaries. The partnership's activity is integrated into the West of England Local Enterprise Partnership (LEP), which promotes economic growth and prosperity through its key themes of Place, People and Business.

39 Transfer of Functions

As part of the West of England devolution deal, South Gloucestershire, Bristol and Bath & North East Somerset Councils agreed to the establishment of the West of England Combined Authority to support economic growth and development across the region. Under the devolution deal certain functions were transferred from the constituent authorities to the WECA from 1st April 2018. These included concessionary fares, community transport, key route network development and bus service information. WECA has commissioned South Gloucestershire Council to provide concessionary fares on its behalf since 2019/20.

WECA levies the constituent authorities for the cost of the services for which it is now responsible. This is shown under Other Operating Expenditure. The value of the levy in 2022/23 is £10.235m (2021/22 £10.261m). There has been no change to the Council's assets or liabilities arising from the transfer of functions to WECA.

40 Contingent Liabilities

The prospective Bristol Arena operator has challenged the Councils termination of their Agreement for Lease in respect of the Arena on Temple Island and has claimed loss of profits, or costs, over the life of the potential lease. As at 31 March 2023, litigation proceedings had not commenced and no claims have been received.

HRA Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for Council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, service charges and other income. The account does not reflect all of the transactions required by statute to be charged or credited to the HRA for the year. The movement on the HRA Statement gives details of the additional transactions, which are required by statute.

	Note	2022/23 Net £'000	2021/22 Net £'000
Expenditure			
Repairs and maintenance		37,291	35,786
Supervision and management		38,632	32,309
Special services		14,799	12,501
Rent, rates, taxes and other charges		625	662
Depreciation and impairment of non-current assets	4	32,250	34,037
Debt management		34	36
Debt write offs and movement in the allowance for bad debts		1,555	627
Total expenditure		125,185	115,959
Income			
Dwelling rents	2	(116,324)	(112,501)
Non-dwelling rents		(1,041)	(919)
Charges for services and facilities		(9,814)	(9,614)
Contributions towards expenditure		(1)	9
Total income		(127,179)	(123,025)
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		**(1,994)**	**(7,066)**
Net cost of HRA services		**(1,994)**	**(7,066)**
(Gain) on sale of HRA non-current assets		(7,443)	(2,602)
Movement in the Fair Value of Investment Properties		(894)	(792)
Interest payable and similar charges		11,450	11,193
HRA interest and investment income		(3,271)	(288)
Pensions interest costs and expected return on assets	5	3,050	2,609
Capital Grants and Contributions Receivable		(2,247)	(477)
(Surplus) for the year on HRA services		**(1,350)**	**2,577**

Statement of movement on the HRA Balance

	Note	31 March 2023 Net £'000	31 March 2022 Net £'000
HRA balance brought forward		(102,230)	(98,441)
(Surplus) for the year on the HRA Income and Expenditure Account		(1,345)	2,577
Adjustments between accounting basis and funding basis under statute		4,126	(6,367)
(Increase) before reserve transfers		**2,781**	**(3,789)**
Transfer from/to reserves		-	-
Net (increase) on HRA balance		**2,781**	**(3,789)**
HRA balance carried forward		**(99,449)**	**(102,230)**

Note to the statement of movement on the HRA Balance

	Note	31 March 2023 Net £'000	31 March 2022 Net £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
Depreciation and impairment of property, plant & equipment	4	(31,745)	(33,567)
Amortisation of Intangible Fixed Assets	4	(505)	(470)
Fair value movements on investment properties		894	792
Net charges made for retirement benefits in accordance with IAS19	5	(13,296)	(12,169)
Net gain/loss on disposal of assets		7,443	2,602
Capital Grants and Other Contributions	6	2,247	477
		(34,962)	**(42,335)**
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
Capital expenditure funded by the HRA	6	3,487	177
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	5,119	4,896
Transfer to Major Repairs Reserve	8	-	-
HRA depreciation to Major Repairs Reserve	8	30,482	30,896
Amortisation of premiums			
		39,088	**35,969**
Net additional amount required by statute to be debited or credited to the HRA Balance for the year		**4,126**	**(6,367)**

Notes to the Housing Revenue Account

1 Dwelling numbers as at 31 March 2023

	31 March 2023	31 March 2022
Houses	11,117	11,222
Bungalows	1,079	1,079
Flats	14,491	14,560
Total Dwellings held at 31 March 2023	**26,687**	**26,861**

2 Rent and Rent Arrears

The total value of dwelling rents in 2022/23, less rent attributable to empty properties (voids), is £116.3m (£112.5m in 2021/22). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc are:

	31 March 2023 £'000	31 March 2022 £'000
Former tenants	2,976	2,222
Current tenants	9,937	9,713
	12,913	**11,935**
Balance Sheet Provision		
Former tenants	2,498	1,784
Current tenants	7,176	7,150
	9,674	**8,934**

Vacant Possession

The vacant possession value of dwellings as at 1st April 2023 was £5.64bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.93bn, a difference of £3.71bn. This difference reflects the economic cost of providing Council housing at less than market rent. This cost is determined by applying the Government prescribed discount rate of 35% of the Market Value to the vacant possession value.

3 Sums Directed by the Secretary of State to be Debited or Credited to the HRA

In 2022/23 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

4 Depreciation and Impairment

	2022/23 £'000	2021/22 £'000
Depreciation		
Operational Assets - Dwellings	29,704	30,188
- Other, including leased	778	708
	30,482	**30,896**
Intangible Fixed Assets	505	470
Total depreciation	**30,987**	**31,366**
Revaluation losses	1,263	2,671
Reversal of impairment losses	-	-
Total depreciation and impairment	**32,250**	**34,037**

Impairment

There was a loss on revaluation of £1.3m charged to the surplus on provision of Services (2021/22: £2.7m).

5 HRA Share of Contributions to/from Pension Reserve

For 2022/23 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £3m (2021/22 £2.6m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the Council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £13.3m (2021/22 (£12.2m)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £5.1m (2021/22(£4.9m)) with the net movement on the Pension reserves of £8.2m (2021/22 £7.3m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see Note 35.

6 Capital Expenditure and financing

Total expenditure during the year and its financing was as follows:

Expenditure	2022/23 £'000	2021/22 £'000
Dwellings	60,861	39,241
Other Assets	604	177
	61,465	**39,418**
Financing		
Usable capital receipts	22,348	9,474
Revenue contributions to capital	3,487	177
Major Repairs Reserve	33,383	29,290
Other	2,247	477
	61,465	**39,418**

7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £21.8m (£14m in 2021/22). The receipts are summarised as follows:

	2022/23 £'000	2021/22 £'000
Receipts unapplied brought forward - 1 April	69,665	67,231
Right to Buy sales	20,939	12,616
Mortgage repayments	-	-
Disposal of Land and Buildings	903	1,404
	91,506	**81,251**
Allowable reductions		
Repaid to MHCLG	-	(2,112)
Capital receipts applied	(22,348)	(9,474)
Capital receipts applied to GF	-	-
Capital receipts unapplied carried forward - 31 March	**69,158**	**69,665**

8 Major Repairs Reserve

	2022/23 £'000	2021/22 £'000
Balance brought forward - 1 April	**(12,902)**	**(11,296)**
Capital expenditure (dwellings)	33,383	29,290
Major Repairs Allowance set aside in year	(30,482)	(30,896)
Excess depreciation credited to Statement of Movement on HRA Balance	-	-
Balance carried forward - 31 March	**(10,001)**	**(12,902)**

Depreciation has been calculated in accordance with our accounting policies for all HRA assets. We have used the Keystone component accounting information for Dwelling as a proxy for component accounting and Corporate Asset Management system for Non-Dwelling.

The MRA balance was £30.5m for 2022/23 (2021/22 - £30.9m). £33.4m was used to finance appropriate Housing Revenue Account capital expenditure.

9 Balance Sheet Value of Land and Houses, etc.

	2022/23 £'000	2021/22 £'000
Dwellings	1,934,334	1,945,189
Land	40,447	41,624
Other assets	36,296	18,149
	2,011,077	**2,004,962**

10 Asset Split

	2022/23 £'000	2021/22 £'000
Operational - dwellings	1,934,334	1,945,189
Operational - other land and buildings	68,904	52,782
Non-operational	7,839	6,991
Intangible	1,393	1,294
Other	-	-
	2,012,470	**2,006,256**

Collection Fund

Collection Fund Income and Expenditure Account

31 March 2022					31 March 2023		
£'000	£'000	£'000			**£'000**	**£'000**	**£'000**
Business Rates	Council Tax	Total		**Note**	**Business Rates**	**Council Tax**	**Total**
			Income				-
-	283,272	283,272	Council Tax		-	295,969	295,969
181,924	-	181,924	Non-Domestic Rates		198,929	-	198,929
(3,743)	-	(3,743)	Transitional Protection Payment		(872)	-	(872)
			Contributions towards previous years Collection Fund Deficit:				
-	-	-	Central Government		0	-	0
84,946	2,549	87,495	Bristol City Council		40,642	8,372	49,014
-	330	330	Avon & Somerset Police and Crime Commissioner		-	1,056	1,056
904	109	1,013	Avon Fire Authority		432	335	767
4,518	-	4,518	West of England Combined Authority		2,162	-	2,162
268,549	286,260	554,809			**241,293**	**305,732**	**547,025**
			Expenditure				
			Apportionment of Previous Years Surplus				
-	-	-	Central Government		-	-	-
-	-	-	Bristol City Council		-	-	-
-	-	-	Avon & Somerset Police and Crime Commissioner		-	-	-
-	-	-	Avon Fire Authority		-	-	-
-	-	-	West of England Combined Authority		-	-	-
-	-	-			-	-	-
			Precepts, Demands and Shares				
197,435	236,198	433,634	Bristol City Council		182,167	243,198	425,366
-	30,862	30,862	Avon & Somerset Police and Crime Commissioner		-	32,133	32,133
2,100	9,779	11,880	Avon Fire Authority		1,938	9,971	11,909
10,502	-	10,502	West of England Combined Authority		9,690	-	9,690
210,038	276,839	486,877			193,795	285,302	479,097
			Charges to the Collection Fund				
104	1,280	1,384	Write offs of uncollectable amounts		1,919	580	2,499
8,594	11,662	20,256	Increase/(Decrease) in bad debt provision		(4,006)	8,960	4,954
698	-	698	Cost of Collection Allowance		695	-	695
5,657	-	5,657	Disregarded amounts		8,124	-	8,124
-	-	-	Prior year adjustment		-	-	0
(341)	-	(341)	Increase/(Decrease) in provision for appeals		(796)	-	(796)
14,712	12,941	27,654			5,936	9,540	15,476
43,799	**(3,520)**	**40,279**	**Surplus/ (Deficit) for the year**		**41,563**	**10,889**	**52,452**
(84,253)	**(5,321)**	**(89,574)**	**Surplus/ (Deficit) as at 1 April**		**(40,454)**	**(8,841)**	**(49,295)**
(40,454)	**(8,841)**	**(49,295)**	**Surplus/ (Deficit) as at 31 March**		**1,109**	**2,049**	**3,157**

Notes to the Collection Fund Income and Expenditure Account

1 General

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 billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Only the elements attributable to the City Council are recognised with the Council's other accounts.

2 Council tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 127.917 for 2022/23 (127.950 for 2021/22). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of council tax for a Band D property of £2,230.37 for 2022/23 (£2,163.65 for 2021/22) is multiplied by the proportion specified for the particular band to give an individual amount due.

Calculation of the council tax Base used in setting the 2022/23 council tax

BANDS

	A Entitled to Disabled Relief	*A*	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*Total*
No of Properties	*0*	*53,902*	*74,853*	*40,256*	*19,132*	*9,896*	*4,838*	*2,869*	*346*	*206,092*
Exemptions and disabled relief	*(35)*	*(2,885)*	*(1,506)*	*(1,311)*	*(1,265)*	*(1,104)*	*(172)*	*(46)*	*12*	*(8,312)*
Less Discounts	*66*	*(5,626)*	*(5,723)*	*(2,813)*	*(1,164)*	*(511)*	*(212)*	*(122)*	*(67)*	*(16,172)*
Total Equivalent Dwellings	*31*	*45,392*	*67,624*	*36,132*	*16,703*	*8,282*	*4,454*	*2,701*	*291*	*181,608*
Ratio	*5/9*	*6/9*	*7/9*	*8/9*	*1*	*11/9*	*13/9*	*15/9*	*18/9*	
Band D Equivalents	*17*	*30,261*	*52,597*	*32,117*	*16,703*	*10,122*	*6,434*	*4,501*	*582*	*153,333*
Add Changes re: Additional Properties										*1,983*
Additional Exemptions										*(2,910)*
Council Tax Support										*(20,533)*
Rate of Collection 97%										*(3,956)*
Council Tax Base										*127,917*

3 Collection Fund balance sheet items have been apportioned as shown in the table below.

Council Tax	Total	Bristol City Council	Police & Crime Commissioner	Avon Fire Authority
	£'000	**£'000**	**£'000**	**£'000**
Debtors	50,474	43,023	5,687	1,765
Bad debt allowance	(34,014)	(28,992)	(3,832)	(1,189)
Prepayments and overpayments	(4,563)	(3,890)	(514)	(160)
Surplus/ (Deficit) at 31 March	**2,048**	**1,746**	**231**	**72**

Business Rates	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Debtors	21,305	20,026	1,065	213	
Bad debt allowance	(13,313)	(12,514)	(666)	(133)	
Prepayments and overpayments	(5,210)	(4,898)	(261)	(52)	
Appeals provision	(26,013)	(24,452)	(1,301)	(260)	
Surplus/ (Deficit) at 31 March	**1,109**	**1,747**	**4**	**(1)**	**(642)**

4 National Non-Domestic Rates (NNDR)

The Council collects NNDR for its area based on rateable values as determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was on 1 April 2022, with valuations being effective from this date.

Each year the Government specifies an amount known as the non-domestic rating multiplier and (subject to the effects of transitional arrangements) local businesses pay rates calculated by multiplying their rateable value by that multiplier. A second multiplier known as the small business non-domestic rating multiplier was introduced from 1 April 2005 and this multiplier is applicable to those businesses that qualify for small business relief.

In 2022/23 the non-domestic rating multiplier was 51.2p (51.2p in 2021/22) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2021/22).

As part of the governments West of England devolution deal Bristol, Bath and North East Somerset and South Gloucestershire Councils agreed to the establishment of the West of England Combined Authority (WECA) to support economic growth and development across the region. This also enabled the three Council's to take part in a 100% business rates retention pilot. As a result, Bristol City Council is now responsible not only for collection of rates due from the ratepayers in its area but also for redistribution of the sums paid according to the following percentages: Bristol City Council: 94%, West of England Combined Authority 5% and Avon Fire Authority: 1%.

The NNDR income after reliefs and provisions was £201.812m for 2022/23 (£173.567m for 2021/22). The significant change is due to specific COVID-19 reliefs given. The total rateable value at 31 March 2023 was £540.951m (£545.728m at 31 March 2022).

5 City Region Deal Growth Disregard

From 2015/16, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise area and Enterprise Zone. The growth is transferred to the Council's General Fund before being pooled with other participating authorities

City Region Deal

Background

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31 March 2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2015. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

Transactions

Each participating Council pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the BRP, representing business rates collected in the Enterprise Areas in excess of an agreed baseline figure. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations and the BRPPA as:

- Tier 1: to ensure that no individual Council is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these are reflected under "Cash Transactions" in the table below. Expenditure and revenue recognised in the Council's CIES is also disclosed.

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	**of which the Council's share**	**Council Expenditure**	**Council Revenue**
	£'000	**£'000**	**£'000**	**£'000**
Funds held by BRP at 1 April	(66,354)	(16,230)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(31,948)	(8,312)	5,279	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	11,011	3,982	-	(3,899)
- BRP management fee	63	16	-	-
- EDF management fee	75	19	-	-
- Tier 2 EDF funding	4,049	547	-	-
-Tier 3 demographic and service pressur	3,232	715	-	(971)
Funds held by BRP at 31 March	**(79,873)**	**(19,263)**		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(4,607)	(2,447)	n/a	n/a
Committed cash (Tier 3)	(75,266)	(16,816)	n/a	n/a
Expenditure/(Revenue) recognised	**(79,873)**	**(19,263)**	**5,279**	**(4,870)**

As stated under the accounting policies, growth paid over to the BRP is recognised as expenditure by each Council to the extent that the use of the funds by the BRP has been committed. Uncommitted cash is recognised by each Council as a debtor.

The uncommitted cash of £2,447m contributed by the Council and held by the BRP is recognised by the Council as a debtor and is held in an earmarked reserve to smooth the impact of City Region Deal transactions and match the release of revenue support and charges for projects. The BRP has not made a payment to Bristol City Council on behalf of the EDF in 2022/23 (2021/22: £0.703m.)

The Council itself has recognised revenue income of £4.870m (2021/22 £4.078m) from the BRP and expenditure of £5.279m (2021/22 £3.954m) to the BRP for the year.

Group Accounts

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

The Council has interests in a number of companies that are classified as a subsidiary or joint venture, all of which have been considered for consolidation. Three of these, Bristol Holding Limited and Bristol Waste Company Limited and Goram Homes Limited are considered to be material to the financial statements. Details of the companies considered for consolidation are shown below. Although not material, Bristol Heat Networks Limited as a subsidiary of Bristol Holdings Limited has also been consolidated into the group financial statements.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with, Bristol Holding Limited, Bristol Waste Company Limited, Goram Homes Limited and Bristol Heat Networks Limited. Copies of the individual audited accounts are available from Companies House.

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Associated Notes to the Accounts where there are significant differences between the Council's single entity accounts and the consolidated Group.

Group Financial Statements

The Group Comprehensive Income and Expenditure Account as at 31 March 2023

This statement shows the accounting cost in the year of providing the Group's services in accordance with generally accepted accounting practices.

2021/22				2022/23		
Gross Exp £'000	**Gross Income £'000**	**Net Exp £'000**		**Gross Exp £'000**	**Gross Income £'000**	**Net Exp £'000**
454,856	(210,728)	244,128	People	486,642	(189,494)	297,148
238,116	(148,474)	89,642	Resources	206,822	(135,000)	71,822
241,613	(95,542)	146,071	Growth & Regeneration	311,002	(160,051)	150,951
115,959	(123,026)	(7,067)	Housing Revenue Account	125,185	(127,179)	(1,994)
228,498	(204,964)	23,534	Dedicated Schools Grant	241,814	(212,748)	29,066
6,692	(889)	5,803	Corporate Funding & Expenditure	6,619	(4,210)	2,409
1,285,734	**(783,623)**	**502,111**	**Cost of services (Note G1)**	**1,378,084**	**(828,682)**	**549,402**
		11,780	Other operating expenditure			11,316
		(50,348)	Financing and investment income and expenditure (Note G2)			120,268
		(454,616)	Taxation and non-specific grant income			(499,673)
		8,927	**(Surplus)Deficit on provision of services**			**181,313**
		(243,430)	Deficit on revaluation of Property, Plant and Equipment assets			(3,592)
		(162,960)	Remeasurement of the net defined benefit liability/asset			(746,950)
		-	Surplus/deficit on financial assets measured at fair value			-
		(406,390)	**Other comprehensive (income) and expenditure**			(750,542)
		(397,463)	**Total comprehensive (income) and expenditure**			**(569,229)**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into usable reserves and other reserves.

	Note	General Fund Balance	Earmarked Reserves	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account	Sub Total - Housing Revenue	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjusted Balance at 1 April 2021		35,666	220,707	7,528	263,901	97,791	651	98,441	78,492	11,296	3,080	455,210	1,239,889	1,695,099	(11,077)	1,684,021
Movement in Reserves during 2021/22																
Surplus or (deficit) on the provision of services		41,804	-	-	41,804	(2,577)	-	**(2,577)**	-	-	-	39,227	-	39,227	(48,154)	(8,927)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	**-**	-	-	-	-	407,486	407,486	(1,096)	406,390
Adjustments between group accounts and authority accounts		(55,207)	-	-	(55,207)	-	-	**-**	-	-	-	(55,207)	-	(55,207)	55,207	-
Total Comprehensive Expenditure and Income		**(13,403)**	**-**	**-**	**(13,403)**	**(2,577)**	**-**	**(2,577)**	**-**	**-**	**-**	**(15,980)**	**407,486**	**391,506**	**5,957**	**397,463**
Adjustments between accounting basis and funding basis under regulations	18	(31,385)	-	-	(31,385)	6,367	-	**6,367**	1,283	1,606	475	(21,654)	21,654	**-**	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(44,788)	-	-	(44,788)	3,789	-	3,789	1,283	1,606	475	(37,634)	429,140	391,506	5,957	397,463
Transfers to/(from) Earmarked Reserves	19	49,196	(47,272)	(1,924)	-	(4)	4	**-**	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2021/22		4,408	(47,272)	(1,924)	(44,788)	3,785	4	**3,789**	**1,283**	**1,606**	**475**	**(37,634)**	**429,140**	**391,506**	**5,957**	**397,463**
Balance at 31 March 2022 Carried Forward		**40,074**	**173,435**	**5,604**	**219,113**	**101,576**	**655**	**102,231**	**79,775**	**12,902**	**3,555**	**417,575**	**1,669,030**	**2,086,605**	**(5,120)**	**2,081,484**
Movement in Reserves during 2022/23																
Surplus or (deficit) on the provision of services		**(130,050)**	**-**	**-**	**(130,050)**	**1,345**	**-**	**1,345**	**-**	**-**	**-**	**(128,705)**	**-**	**(128,705)**	**(52,608)**	**(181,313)**
Other Comprehensive Expenditure and Income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**750,542**	**750,542**	**-**	**750,542**
Adjustments between group accounts and authority accounts		**(52,170)**	**-**	**-**	**(52,170)**	**-**	**-**	**-**	**-**	**-**	**-**	**(52,170)**	**-**	**(52,170)**	**52,170**	**-**
Total Comprehensive Expenditure and Income		**(182,220)**	**-**	**-**	**(182,220)**	**1,345**	**-**	**1,345**	**-**	**-**	**-**	**(180,875)**	**750,542**	**569,666**	**(438)**	**569,229**
Adjustments between accounting basis and funding basis under regulations	**18**	**122,414**	**-**	**-**	**122,414**	**(4,126)**	**-**	**(4,126)**	**2,768**	**(2,901)**	**(424)**	**117,731**	**(117,731)**	**-**	**-**	**-**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(59,806)**	**-**	**-**	**(59,806)**	**(2,781)**	**-**	**(2,781)**	**2,768**	**(2,901)**	**(424)**	**(63,144)**	**632,811**	**569,666**	**(438)**	**569,229**
Transfers to/(from) Earmarked Reserves	**19**	**49,257**	**(42,894)**	**(6,363)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/(Decrease) in 2022/23		**(10,549)**	**(42,894)**	**(6,363)**	**(59,806)**	**(2,781)**	**-**	**(2,781)**	**2,768**	**(2,901)**	**(424)**	**(63,144)**	**632,811**	**569,666**	**(438)**	**569,229**
Balance at 31 March 2023 Carried Forward		**29,525**	**130,541**	**(758)**	**159,307**	**98,795**	**655**	**99,449**	**82,543**	**10,001**	**3,131**	**354,430**	**2,301,841**	**2,656,271**	**(5,558)**	**2,650,713**

Group Consolidated Balance Sheet as at 31 March 2023

31-Mar-22 £'000		Note	31-Mar-23 £'000
3,055,967	Property, Plant & Equipment		3,084,755
215,256	Heritage Assets		215,256
14,991	Intangible Assets		10,859
356,640	Investment Property		282,169
48,848	Long Term Investments	G10	48,644
39,117	Long Term Debtors		36,062
3,730,819	**Long Term Assets**		**3,677,745**
103,948	Short Term Investments	G10	30,343
26,998	Inventories		3,743
166,042	Short Term Debtors	G3	189,338
122,833	Cash and Cash Equivalents		93,509
806	Assets held for sale		1,232
420,627	**Current assets**		**318,165**
-	Cash and Cash Equivalents		(31,118)
(9,952)	Short Term Borrowing	G10	(4,764)
(297,286)	Short Term Creditors	G4	(233,284)
(2,849)	Provisions		(2,480)
-	Derivative Financial Instrument		-
(71,814)	Capital grants received in advance		(62,759)
(381,901)	**Current liabilities**		**(334,405)**
(445,488)	Long Term Borrowing	G10	(445,488)
(26,005)	Provisions		(25,249)
(1,185,262)	Other Long Term Liabilities		(503,402)
(31,306)	Capital Grants Receipts in Advance		(36,653)
(1,688,061)	**Long-term liabilities**		**(1,010,792)**
2,081,484	**Net assets**		**2,650,713**
(423,086)	Usable Reserves		(357,613)
(1,658,398)	Unusable Reserves	G5	(2,293,100)
(2,081,484)	**Total reserves**		**(2,650,713)**

Group Cash Flow Statement for the year ended 31 March 2023

The cash flow statement shows the changes to cash and cash equivalents of the Group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2021/22 £'000		Note	2022/23 £'000
(11,613)	Net surplus on the provision of services		(181,314)
165,347	Adjustment to net surplus on the provision of services for non-cash movements	G6	213,974
(73,289)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G6	(103,650)
80,445	Net cash flows from Operating Activities		(70,990)
(78,132)	Investing Activities	G7	25,515
(7,088)	Financing Activities	G8	(14,968)
(4,774)	Net increase (decrease) in Cash and Cash Equivalents		(60,442)
127,606	Cash and Cash Equivalents at the beginning of the reporting period		122,833
122,833	**Cash and Cash Equivalents at the end of the reporting period**		**62,391**

Notes to the Group Accounts

Accounting Policies

Generally, the accounting policies for the group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the group accounts:

Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint arrangements. In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.

- Joint Arrangements (Joint Ventures) – where the Council exercises joint control with one or more organisations. Where these are material they are included in the group.

- Associates – where the Council is an investor and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (stopping short of control or joint control.) It is presumed that holding 20% of the voting power of an investee (either directly or indirectly) brings significant influence but this presumption can be rebutted.

- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Bristol Holding Ltd	Direct Subsidiary	Consolidated
Bristol Waste Company Ltd	Indirect Subsidiary	Consolidated
City Leap Energy Partnership Limited	Joint Venture	Not Material
Bristol Energy and Technology Services (Supply) Ltd	Indirect Subsidiary	Not Material – Dormant company
Local Education Partnership	Joint Venture	Not Material
Bristol is Open Ltd	Direct Subsidiary	Not Material
Goram Homes	Indirect Subsidiary	Consolidated
Bristol Heat Networks Limited (sold 4th January 2023)	Indirect Subsidiary	Consolidated

The grounds for exclusion from consolidation of certain entities are not material to the true and fair view of the financial statements or to the understanding of the users.

Basis of Consolidation – Group Accounts

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code. Accounting policies have been aligned where applicable.

Bristol Holding Limited

Bristol Holding is a wholly owned subsidiary of the City Council, incorporated on 12 March 2015. The principal activity of the company is that of a holding company and the activities of the group are the provision of waste services, housing development and a gas and electric supply business in the UK with particular focus on residential customers.

On the 13 July 2015 the company acquired Bristol Energy and Technology Services (Supply) Limited for £100,000 and on 31 March 2016, the company acquired Bristol Waste Limited from Bristol City Council.

As at the 31 March 2023 the Council has invested £37.153m in Bristol Holding Limited. This was made up of £36.550m ordinary shares and £0.603m cumulative redeemable preference shares.

Bristol Waste Company Limited

Bristol Waste Company Limited is a wholly owned subsidiary of Bristol Holding Limited. The company was incorporated on 5 March 2015. From the 8 August 2015 the company has been providing waste collection, street cleaning and other maintenance services in Bristol.

Bristol Energy and Technology Services (Supply) Limited (formally Bristol Energy Limited)

Bristol Energy and Technology Services (Supply) Limited is a wholly owned subsidiary of Bristol Holding Limited incorporated on 14 March 2016. The company is currently dormant. On 14 February 2018 a resolution was passed to authorise the Company to change its name to Bristol Energy and Technology Services (Supply) Limited.

Goram Homes Limited

Goram Homes is a wholly owned subsidiary of Bristol Holding Limited incorporated on 1 October 2018. The company aims to increase the provision of new homes in the city and to meet housing requirements without compromising on build quality particularly around the provision of affordable housing, space standards and sustainability.

In September 2021, the Council approved Goram Homes joint venture plans for 268 new homes at Romney House, Lockleaze. The site was transferred during 2021/22 to Goram Homes joint venture in return for £12.9m of repayable loan notes. 147 homes (55%) will be affordable and managed by Bristol City Council. During the year, the Council approved two loan facilities with Goram Homes for £4.3m ('Pipeline 1') and £10m ('Pipeline 2'). Both loan agreements include interest charges on the principal sums and £3.4m is currently outstanding (principal plus interest) from Goram Homes.

Bristol Heat Networks Limited

Bristol Heat Networks Limited was a wholly owned subsidiary of Bristol Holding Limited incorporated on 31 October 2018. The company aims was to deliver affordable, low carbon heat and is fundamental to the Council's drive to make the city carbon neutral by 2030.

In July 2022 Cabinet approved the transfer of the Council's Heat Network Assets to Bristol Heat Networks Limited. The value of the assets to be transferred to Bristol Heat Networks Limited would substantively reflect the cost incurred by the Council to the point of transfer, offset by any historical government grant funding received. The sale of Bristol Heat Networks Ltd to Vattenfall Heat UK Ltd was completed on 4 January 2023 with all loan facilities have been repaid in full.

None of the other entities in which the City Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be found within the Related Parties note in the Council's single entity accounts (Note 39).

Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 30th May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 30th May 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

Group financial position

The closing net deficit balance of the group is £42m which takes into account previous years losses carried forward.

Where there are no material changes to the statements the notes are as per the Council's single entity accounts. Where consolidation has resulted in material changes additional notes are set out below.

G1 Net Cost of Services

The Net cost of Services in the consolidated CIES includes gross income of £909k and gross expenditure of £2.7m associated outside of the group boundary.

Revenue from Contracts with Customers

Further to a review of this area, the Group can confirm that there is no material contractual revenue income from customers to disclose. There is therefore nothing to disclose in relation to the introduction of IFRS 15-Revenues from Contracts with Customers.

G2 Financing and Investment Income and Expenditure

	31 March 2023 £'000	31 March 2022 £'000
Interest payable and similar charges	38,771	27,761
Loss Allowance (Financial Guarantee Contracts)	-	-
Changes in the Fair Values of Financial Instruments*	3,290	325
Pensions net interest cost	27,555	23,171
Interest receivable and similar income	(12,110)	(7,060)
Income and expenditure in relation to Investment Properties	(10,417)	(11,696)
Changes in fair value of Investment Properties	73,179	(82,849)
Total	**120,268**	**(50,348)**

G3 Current Debtors

Current debtors	31 March 2023 £'000	31 March 2022 £'000
Trade Receivables	30,200	32,785
Prepayments	11,788	8,471
VAT	12,502	11,462
Other	134,849	113,324
Total	**189,338**	**166,042**

G4 Creditors

Current liabilities	31 March 2023 £'000	31 March 2022 £'000
Trade Payables	34,635	20,174
Other Payables	153,623	176,735
Receipts In Advance	45,025	100,378
Total	**233,284**	**297,286**

G5 Unusable Reserves

	31 March 2023 £'000	31 March 2022 £'000
Revaluation Reserve	(1,177,707)	(1,199,657)
Capital Adjustment Account	(1,518,628)	(1,574,351)
Financial Instruments Adjustment Account	6,543	6,721
Deferred Capital Receipt Reserve	(10,026)	(12,851)
Pensions Reserve	361,094	1,037,796
Collection Fund Adjustment Account	(3,493)	49,186
Accumulated Absences Account	9,436	10,108
Dedicated Schools Grant Adjustment Account	39,681	24,650
	(2,293,100)	**(1,658,398)**

G6 Cash Flow Statement

The cash flows for operating activities include the following significant items:

	2022/23 £'000	2021/22 £'000
Interest received	4,901	4,901
Interest paid	(33,870)	(33,870)
Dividends received	2,221	2,221

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

	2022/23 £'000	2021/22 £'000
Depreciation, impairment and downward revaluations	104,432	110,243
Amortisation	-	5,945
Increase/(decrease) in impairment for bad debt	239	1,317
(Decrease)/increase in creditors	(70,725)	74,700
(Increase)/decrease in debtors	(29,538)	(16,245)
(Increase)/decrease in inventories	24,622	(14,567)
Movement in pension liability	76,989	61,469
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	35,108	29,293
Other non-cash items charged to the net surplus or deficit On the provision of services	72,847	(86,808)
Net cash flows from non-cash movements	**213,974**	**165,347**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2022/23 £'000	2021/22 £'000
Any other items for which the cash effects are investing or financing cash flows	(24,856)	(43,957)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(78,795)	(29,332)
	(103,650)	**(73,289)**

G7 Cash Flow Statement - Investing Activities

	2022/23 £'000	2021/22 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(154,776)	(132,899)
Purchase of short-term and long-term investments	(202,900)	(183,000)
Other (payments)/receipts for investing activities	(490)	(1,710)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	30,248	15,635
Proceeds from short-term and long-term investments	276,900	144,000
Other receipts from investing activities	76,533	79,842
Net cash flows from investing activities	**25,515**	**(78,132)**

G8 Cash flow Statement - Financing Activities

	2021/22 £'000	2021/22 £'000
Cash receipts of short- and long-term borrowing	1	-
Cash payments for the reduction of outstanding liabilities relating to Finance leases and on-Balance Sheet PFI contracts	(9,272)	(9,017)
Repayments of short and long-term borrowing	(6,626)	(1,570)
Council tax and NNDR adjustments	929	3,500
Net cash flows from financing activities	**(14,968)**	**(7,088)**

G9 Directors Remuneration and Exit Packages

Where a Directors annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed by way of job title. For those Directors whose salary is £150,000 or more, their name is also disclosed.

2022/23				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Bristol Waste Company							
Finance Director	Apr' 22 – Jul' 22	A Henshaw		33,295	65,155	9,409	**107,859**
Finance Director	Jul' 22 – Mar' 23			84,762	-	-	**84,762**
Interim Managing Director	Jul' 22 – Jan' 23		1	50,008	-	3,883	**53,891**
Interim Managing Director	Jan' 23 – Mar' 23	I Osborne	1	39,301	-	-	**39,301**
Managing Director	Apr' 22 – Jul' 22	T Lawless		38,822	62,317	10,793	**111,932**
Goram Homes							
Managing Director	Apr' 22 – Mar' 23			131,984	-	11,865	**143,849**
Finance Director	Apr' 22 – Mar' 23			60,700	-	5,820	**66,520**
Bristol Holding Company							
Executive Chair (CEO)	Apr' 22 – Jun' 22			8,750	-	-	**8,750**
Group Finance Director & Executive Lead	Apr' 22 – Jul' 22			48,002	-	-	**48,002**
Interim Executive Lead & Group Finance Director	Jul' 22 – Mar' 23	C Smith	1	129,819	-	-	**129,819**
Bristol Heat Networks							
Consulting Officer	Apr' 22 – Jan' 23	J Bungey		92,454	-	-	**92,454**

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

Note 2 - The table above is presented in a format as prescribed in Schedule 1 of the Accounts and Audit Regulations 2015. This presentation differs from that of the disclosure in the Companies audited accounts as these are prepared in accordance with FRS 102.

2021/22				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	**Post Term**	**Post Holder**	**Notes**	**£**	**£**	**£**	**£**
Bristol Waste Company							
Managing Director	Apr' 21 – Mar' 22			126,586	-	10,815	**137,401**
Finance Director	Apr' 21 – Mar' 22			114,827	-	13,563	**128,390**
Goram Homes							
Managing Director	Apr' 21 – Mar' 22			114,587	-	10,428	**125,015**
Finance Director	Apr' 21 – Mar' 22			56,231	-	5,623	**61,854**
Bristol Holding Company							
Executive Chair (CEO)	Apr' 21 – Oct' 21			43,334	-	9,063	**52,397**
Group Finance Director & Executive Lead	Apr' 21 – Mar' 22			130,900	-	-	**130,900**
Bristol Heat Networks							
Consulting Officer	Apr' 21 – Mar' 22	J Bungey		121,296	-	-	**121,296**

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

G10 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. The value of debtors and creditors reported in the table are those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and associated notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

	Long-Term		Current	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Financial Liabilities at Amortised cost				
Borrowing	(445,488)	(445,488)	(4,764)	(9,952)
Service Concessions	(100,706)	(107,884)	(7,178)	(6,786)
Creditors	(5,261)	(13,801)	(208,514)	(267,119)
Financial Liabilities at Fair Value through profit and loss				
Financial Derivative	-	-	(31,117)	-
Total Financial Liabilities	**(551,455)**	**(567,173)**	**(251,573)**	**(283,857)**
Financial Assets at amortised cost				
Investments	-	-	46,408	118,596
Debtors	11,736	12,884	120,467	101,197
Financial Assets at Fair Value through Other Comprehensive Income				
Investment	350	350	-	-
Financial Assets at Fair Value through profit and loss				
Investments	42,647	38,473	71,409	108,184
Total Financial Assets	**54,733**	**51,707**	**238,284**	**327,977**

Movements
The financial assets decreased by circa £88m primarily through a combination of decreases in working capital and utilisation of reserves resulting in a reduction of resources to invest.

The decrease in financial liabilities, circa £61m relates to a reduction in the value of general creditors (£80m) during the year primarily due to government grants received in advance being utilised along and with the planned repayment of debt associated with Service concessions (£7m) and external borrowing (£5m).

This was offset by a technical overdraft (£31m) that was settled by liquid cash held in the Council's Money Market Funds, classified as investments.

Borrowing

Current borrowing	31 March 2023 £'000	31 March 2022 £'000
Deposit loans (repayable at notice - up to 7 days)	168	285
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,179	8,251
- Banks and other monetary sector	1,138	1,137
- Energy Improvement Loans	259	259
- Local Bonds and Stocks	21	21
Total	**4,764**	**9,952**

Non-current borrowing	31 March 2023 £'000	31 March 2022 £'000
Public Works Loan Board	325,439	325,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
Total	**445,488**	**445,488**

Income, Expense, Gains or Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

Financial Instruments Gains and Losses 2022/23

	Financial Liabilities	Financial Assets			
	Measured at Amortised Cost	**Amortised Cost**	**Fair Value through the CI**	**Fair Value through the P&L**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Interest expense & Impairment Losses	(37,723)	-	-	-	(37,723)
Total expense in Surplus or Deficit on the Provision of Services	**(37,723)**	**-**	**-**	**-**	**(37,723)**
Interest Income	-	7,073	-	1,851	8,924
Fair Value Movement	-	-	-	2,601	2,601
Dividend Income	-	-	-	2,368	2,368
Total income in Surplus or Deficit on the Provision of Services	**(37,723)**	**7,073**	**-**	**6,820**	**(23,830)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net gain/(loss) for the year	**(37,723)**	**7,073**	**-**	**6,820**	**(23,830)**

Financial Instruments Gains and Losses 2021/22

	Financial Liabilities	Financial Assets			
	Measured at Amortised Cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Interest expense & Impairment Losses	(33,695)	-	-	-	(33,695)
Total expense in Surplus or Deficit on the Provision of Services	**(33,695)**	**-**	**-**	**-**	**(33,695)**
Interest Income		4,595		78	4,673
Fair Value Movement				(325)	(325)
Dividend Income				2,220	2,220
Total income in Surplus or Deficit on the Provision of Services	**(33,695)**	**4,595**	**-**	**1,973**	**(27,127)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net gain/(loss) for the year	**(33,695)**	**4,595**	**-**	**1,973**	**(27,127)**

Fair Value of Financial Assets and Property Assets

Some of the Groups' financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Fair value measurements at 31 March 2023 using:			Fair value measurements at 31 March 2022 using:		
Descriptions	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements						
Fair Value through Profit and Loss						
Money Market Funds	71,409	-	-	108,184	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	24,000	-	-	28,000
Other Unquoted private companies	-	-	180	-	-	192
Pooled property fund	-	-	13,476	-	-	10,281
Fair Value through Other Comprehensive Income						
Other unquoted private companies	-	-	350	-	-	350
Total Non-traded securities:	**71,409**	**-**	**42,998**	**108,184**	**-**	**38,822**
Investment properties	**-**	**282,169**	**-**	**-**	**356,640**	**-**
Surplus properties	**-**	**-**	**-**	**-**	**29,462**	**-**
Total recurring fair value measurements	**71,409**	**282,169**	**42,998**	**108,184**	**386,102**	**38,822**
Non-recurring fair value measurements						
Assets held for sale	-	1,232	-	-	806	-
Total non-recurring fair value measurements	**-**	**1,232**	**-**	**-**	**806**	**-**

Valuation techniques and Inputs **Description of asset**	**Valuation hierarchy**	**Basis of Valuation**	**Observable and Unobservable inputs**	**Key sensitivities affecting the valuations provided**
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in note 21)	Level 2	All investment properties have been valued by the Group's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.
Bristol Port Company	Level 3	This investment has been valued by an external specialist valuation company for financial year ending 31st March 2022 and refreshed by Council officers for this financial year on the same basis.	Calculations have been based an income approach to valuation, by applying a multiple derived from the market to a maintainable profit figure.	Changes to market conditions (local and global), and the comparable data used within the valuations. If the growth of future returns is greater or lesser by 0.5% than the 2% forecast, the fair value will be circa £1.7m higher or lower respectively.

Investments in other unquoted companies	Level 3	These investments have been valued at the Group's share of each company.	Calculations have been based on their latest audited accounts	The value of these companies are relatively low (£530k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Group's share within the pooled fund.	The valuation for Pooled Property Funds have been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £89k higher or lower respectively.

Transfers between levels of the fair value hierarchy
There were no transfers between levels 1 and 2 during the year.

Changes in valuation technique
There has been no change in valuation techniques used during the year.

Reconciliation of fair value measurements for assets at fair value within level 3

Description	31 March 2023 Non-traded securities £000	31 March 2022 Non-traded securities £000
Opening balance	38,822	38,578
included in the surplus/(deficit) on the Provision of Services	(817)	(361)
included in Other Comprehensive Income and Expenditure		-
Total gains/(losses) for the period:	**(817)**	**(361)**
Additions	4,992	831
Disposals	-	(225)
Closing balance	**42,998**	**38,822**

Gains and losses included in the surplus / (deficit) on the provision of services for the current year primarily relates to the investment in the Bristol Port Company (-£4m) and Homelessness Property fund (+£3.195k).

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	**31 March 2023**		31 March 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Cash & Cash Equivalents	31,117	31,117	-	-
Public Works Loan Board (PWLB)	328,618	325,000	333,690	459,400
Lender Option Borrower Option	70,668	64,800	70,667	98,100
Market Debt	50,470	46,500	50,470	68,100
Current Creditors	213,68	213,681	280,827	280,827
Service Concessions	107,884	136,963	114,670	166,960
Other	590	590	707	707
Total Liabilities	**803,028**	**818,651**	**851,031**	**1,074,094**

The Group has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £879k an decrease of £323m which is calculated using early repayment discount rates. The Group has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value for financial liabilities and assets has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

The fair value of the liabilities is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2023		31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	30,343	30,343	103,948	103,948
Cash and Cash Equivalents	16,065	16,065	14,648	14,648
Non-current investments	1	1	-	-
Current Debtors	120,467	120,467	101,197	101,197
Non-current debtors	11,736	11,736	12,884	12,884
Total Financial Assets	**178,612**	**178,612**	**232,676**	**232,676**

The fair value of the assets is the same as the carrying value due to the majority of these assets having a maturity of less than 12 months or is a trade or other receivable where the fair value is taken to be the carrying amount or the billed amount.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Descriptions	Fair value measurements at 31 March 2023 using:			Fair value measurements at 31 March 2022 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements using: Financial Liabilities held at Amortised Cost						
Cash & Cash Equivalent		31,117			-	
Public Works Loan Board (PWLB)		328,618			333,690	
Lender Option Borrower Options		70,668			70,667	
Market debt		50,470			50,470	
Service Concessions		110,539			116,985	
Other		590			707	
Total		**592,003**			**572,519**	
Financial Assets held at amortised cost						
Current Investments		30,343			103,948	
Cash and Cash Equivalents		16,065			14,648	
Non-current Investments		1			-	
Non-current Debtors		11,736			12,884	
Total		**58,145**			**131,480**	

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

G11 Nature and Extent of Risks Arising from Financial Instruments

The Group'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 Group.
- Liquidity risk – the possibility that the Group might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and money market movements.

The Group'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, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Group 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. These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Group's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 15 February 2022 and is available on the Council website.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria;
- UK institutions provided with support from the UK Government.

The Group's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and 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 irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

Allowance for Credit Losses

The following analysis summarises the Group's potential maximum exposure to credit risk on financial assets valued at amortised cost, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-22
Current Investments:					
Local Authorities	10,635	0.00%	0.00%	-	-
AA rated counterparties	20,077	0.02%	0.02%	4	3
A rated counterparties	15,696	0.05%	0.05%	9	25
Sub-total	**46,408**			**13**	**28**
Trade debtors	120,467			-	-
Non-current debtors	11,736			-	-
Total Financial assets	**178,611**			**13**	**28**

The estimated maximum exposure for credit loss for Treasury investments is £13k and a general allowance has been set aside for this.

No credit limits were exceeded during the reporting period and the Group does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Group does not generally allow credit for its trade debtors, including amounts due from government departments and other Local Authorities.

The risk of loss for trade receivables is minimised by a combination of the following:

- Wherever possible obtaining payment in advance of service delivery
- Availability and encouragement to pay by direct debit
- A wide range of payment options available, including by telephone, internet, banks and retail networks (via the Allpay solution i.e. Payzone, Paypoint and Post Offices)
- Having a standardised recovery process including reminder letters and statement of accounts
- Utilising a corporate Debt Management Team to take an ethical debt approach to all types of debt with referral to External Debt Collection agencies or instigating Court claims only used as a last resort
- Negotiating flexible repayment plans for overdue debt where necessary

The write off of a debt is always the last option available and is only taken when all other appropriate measures have been taken to recover payment, and in cases of bankruptcy.

The bad debt provision is calculated by reference to the Group's historic experience with the provision being applied to debts over 60 days old and the value increasing according to the age of the debt.

Debtor analysis	**Gross debtor at**	**Allowance for credit losses at**	**Net debtor at**	**Net debtor at**
	31-Mar-23	**31-Mar-23**	**31-Mar-23**	**31-Mar-22**
	£'000	**£'000**	**£'000**	**£'000**
Local taxpayers	63,049	(41,506)	**21,543**	**21,853**
Housing rents	12,913	(9,673)	**3,240**	**3,001**
Other - sundry debtors	182,349	(38,166)	**144,183**	**127,239**
Total Other Entities and Individuals	**258,311**	**(89,345)**	**168,966**	**152,093**
Central Government bodies	12,214	-	**12,214**	**10,970**
Other local authorities	1,448	-	**1,448**	**1,509**
NHS bodies	1,115	-	**1,115**	**509**
Total debtors	**273,088**	**(89,345)**	**183,743**	**165,081**
Balance sheet debtors	**273,088**	**(89,345)**	**183,743**	**165,081**
Current debtors not qualifying as a financial instrument under IFRS	(104,781)	41,506	**(63,275)**	**(63,885)**
Current debtors qualifying as a financial instrument under IFRS	**168,307**	**(47,839)**	**120,468**	**101,197**

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2023	**31 March 2022**
	£'000	**£'000**
Less than three months	29,111	35,342
Three to four months	4,147	2,240
Four months to one year	18,446	17,837
More than one year	55,172	50,514
Total	**106,876**	**105,932**

Liquidity risk

The Group has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Group has ready access to borrowings from the money markets to cover day-to-day cash flow need and the Public Works Loans Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	238,284	327,977
Between 1 and 2 years	314	314
Between 2 and 3 years	301	301
More than 3 years	54,118	51,092
Total	**293,017**	**379,683**

The maturity analysis of financial liabilities is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	251,573	283,858
1 - 2 years	23,983	14,364
2 - 5 years	70,210	57,659
5 - 10 years	58,369	87,660
10+ years	398,894	407,490
Total	**803,029**	**851,030**

Refinancing and Maturity risk

The Group maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Group relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Group's day-to-day cash flow needs and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Group's debt portfolio along with the Groups' approved minimum and maximum exposure is shown in the table below.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2023 £'000	%	Actual 31 March 2022 £'000	%
Less than 1 year	-	30	4,764	1%	9,952	2%
Between 1 and 2 years	-	40	5,000	1%	-	-%
Between 2 and 5 years	-	40	44,000	10%	32,000	7%
Between 5 and 10 years	-	50	5,000	1%	22,000	5%
More Than 10 Years	25	100	391,488	87%	391,488	86%
Total			**450,252**	**100%**	**455,441**	**100%**

Included within the maturity profile are £70m of LOBOS with maturities averaging 38 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

Market risk

The Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

At 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2023 £'000
Increase in interest receivable on variable rate investments	2,429
Impact on Surplus or Deficit on the Provision of Services	2,429
Share of overall impact debited to the HRA	1,740
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	151,700

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Foreign exchange risk

During 2022/23 the Group received monies denominated in Euro's relating to the receipt of European grant. The Group also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.