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Audit Committee

Supplementary Information

Date: Monday, 25 March 2024

Time: 2.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

5. Statement of Accounts Year Ended 31 March 2023

(Pages 2 - 184)

6. Grant Thornton ISA 260 report

(Pages 185 - 243)

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Date: Wednesday, 20 March 2024

Audited Statement of Accounts

Bristol City Council,
for the year ended
31 March 2023

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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GLOSSARY OF TERMS

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.

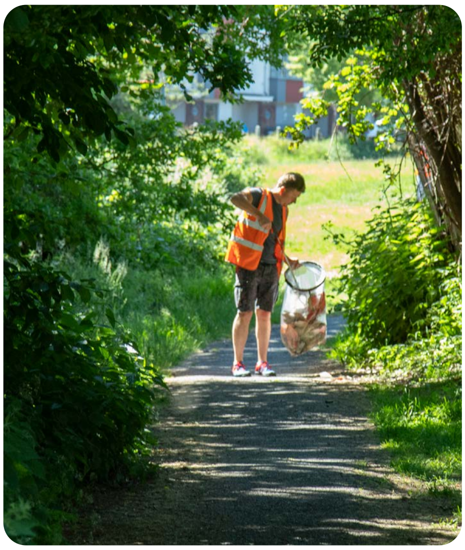
- Stepping up to open the city to refugees fleeing conflict from countries such as Afghanistan, Syria and Ukraine. Hundreds of refugees were supported with accommodation in Bristol last year and the council continues to provide support to help people to settle in the UK
- Securing a £14.5 million investment 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

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.

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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.

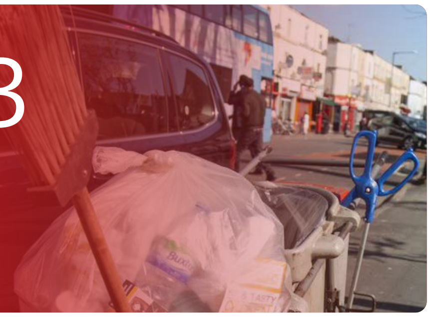
Bristol is part of the West of England Combined Authority and is well connected by road, rail, sea and air. It has one of the most vibrant and successful economies in the UK and from Brunel to Banksy has a history of achieving great things. Within the West of England, Bristol is the primary economic 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 **543** at end March 2022]

48 people sleeping rough in a single night in Bristol compared with **26** in March 2022. (BCC bi-monthly count - March 2023)

Key facts: Adult Social Care

3,995 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	**Full Year 2022/23** Approved Budget	Outturn	Outturn Variance	Total Mitigations and Budget Amendments	Revised Outturn Variance
	£000s	£000s	£000s	£000s	£000s
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	11,641	-10,854	-8,698	-2,156
X9 - Corporate Allowances	5,595	-1,079	-6,674	-6,097	-577
TOTAL REVENUE NET EXPENDITURE	**431,100**	**446,928**	**15,829**	**12,844**	**2,985**

The underlying additional cost is £55.9 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	77,671	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 £198.9 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 £521 million of government grant income which was used to fund revenue expenditure. The council generates £953.2 million of fees, charges and grants used to deliver services and keep council tax down.

Reserves

Useable reserves have reduced overall by £58.6 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 energy, 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 £6.3 million from £5.0 million surplus to a £1.3 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 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 £711 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 £24.5 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.

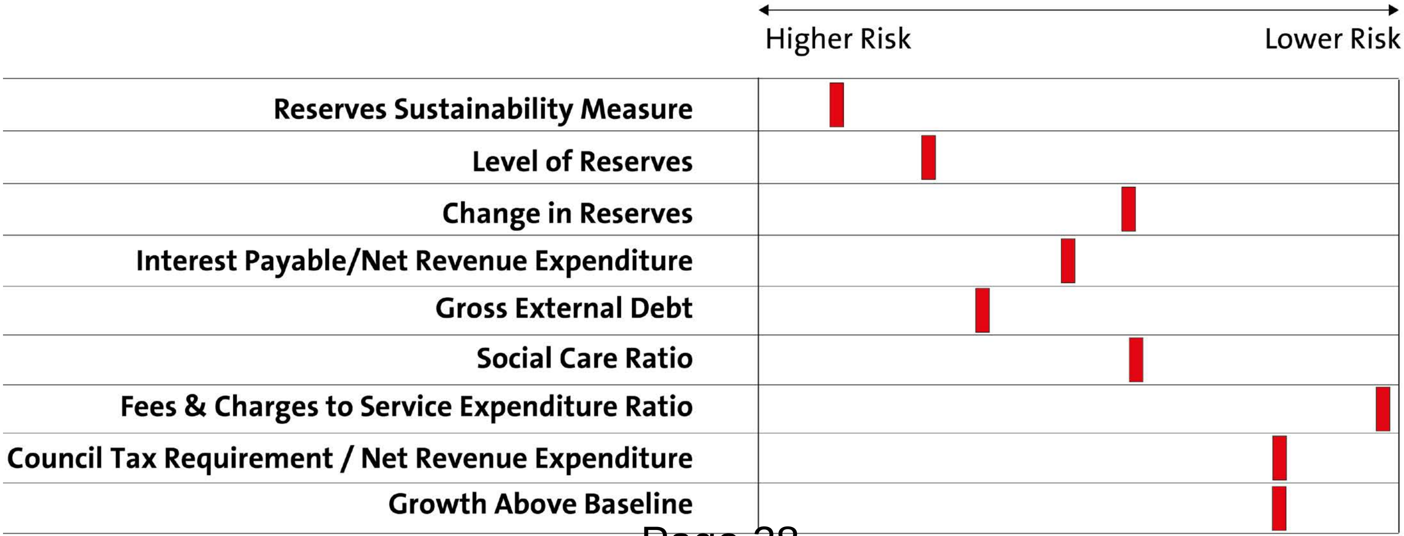
All risks are monitored, and the Audit Committee receives updates on corporate risks and their management actions on a quarterly basis. The final Corporate Risk Register (Q4) is due to be presented to Audit Committee on 30 May 2023, details of which can be found on the council's internet page (Public 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 2023.

Denise Murray
Director of Finance (Section 151 Officer)
25 March 2024

Independent auditor's report to the members of Bristol City Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Bristol City Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the HRA Income and Expenditure Statement, the Statement of movement on the HRA Balance, the Collection Fund Income and Expenditure Account, the Group Comprehensive Income and Expenditure Account, the Group Movement in Reserves Statement, the Group Consolidated Balance Sheet, the Group Cash Flow Statement, notes to the accounts and notes to the group accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

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

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

Responsibilities of the Authority and the Director of Finance

As explained more fully in the Statement of Responsibilities the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, Local Government Act 1972, Local Government and Housing Act 1989, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012), the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries that altered the Authority's financial performance for the year and potential management bias in significant accounting estimates related to property and pensions valuations. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,

- journal entry testing, with a focus on unusual and high risk journals, including those identified as posted by senior personnel, post year end journals, journals that impacted the outturn, postings by unusual users and postings by those with administration rights on the system;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings, investment property, investment in First Corporate Shipping Ltd and defined benefit pensions liability valuations; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for management override of control. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority’s engagement team and component auditors included consideration of the engagement team's and component auditor’s:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 14 July 2023 we identified:

- a significant weakness in the council's governance arrangements. This was in relation to significant numbers of procurement breaches. We recommended that the Authority:
    - should consider what further action is required to reduce the number and value of contract breaches.
- three significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. These were in relation to the Authority's dedicated schools grant deficit, the ability to deliver savings on a recurrent basis and the Authority's overall level of reserves. We recommended that the Authority:
    - The council should continue to drive forwards its Dedicated Schools Grant (DSG) management plan to ensure actions are delivered as planned and at pace;
    - Action should be taken to contain expenditure and deliver savings on a recurrent basis across all service areas, with specific focus on Adult Social Care and Children's services, to ensure transformation programmes are delivered as planned; and
    - The council should continue to monitor its level of unearmarked general reserves to ensure the level remains prudent to manage current and future financial challenges and pressures.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Bristol City Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice due to our consideration of an objection brought to our attention by a local authority elector under section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Barrie Morris, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:

ANNUAL GOVERNANCE STATEMENT 2022/23

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

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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 (the 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. Minor amendments have been made during annual reviews since then. 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 2022/23 and up to the date it is signed (the final version will be signed on the date the council's financial statements are approved as final). 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.

1. 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, and without good governance the council will struggle to improve services and deliver its objectives. The council's Code of Governance details the measures in place to ensure effective governance across the council.

2.2 The medium-term financial outlook is the most severe we have known for many years and the council continues to manage a challenging financial environment. The longer-term impact of the pandemic is lingering, the pressures of the cost-of-living crisis, global supply challenges, labour shortages and pay related cost increases, exceptional inflationary levels and continuing increases in demand for core services in both adults' and children's social care mean that, like others across the country, the council is facing significant financial challenges and uncertain and unpredictable funding and cost levels. The identification and achievement of significant savings is essential to living within our means and to shield us from the impact of anticipated government cuts in the future. In addition, other global and national developments such as the Russia-Ukraine War and Brexit have created significant risks that have altered the organisation's risk landscape. The council is using its Risk Management Policy to manage these and other significant risks while supporting innovation and exploring opportunities.

2.3 In May 2022 a referendum on the governance arrangements for the council was held. The results of that referendum will see significant changes to our current governance structure from 2024 onwards. The council is preparing for a move from an Elected Mayor and Cabinet model of governance and decision making to a system of one or more Committees made up of elected councillors making decisions.

1.4 At the beginning of the financial year, there were four wholly owned council companies. These were Bristol Holding Ltd, Bristol Waste Company Ltd, Goram Homes and Bristol Heat Networks Ltd. However, Bristol Heat Networks was disposed of during the year transferring assets to a joint venture partnership – Bristol City Leap.

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 2022/23 the council's systems of internal control, governance and risk management were adequate and operating effectively although there were some weaknesses which may put organisational objectives at risk. The council will seek to prioritise areas identified as requiring further improvement to ensure our arrangements remain fit for purpose and resilient moving forward. Scrutiny and oversight of the progress in these areas will be through the Corporate Leadership Board (CLB) and Audit Committee.

2.6 Significant governance issues have been identified as part of this review and the actions being taken to address them are detailed in section 5.

Signed: Date: 25/03/2024 **Marvin Rees - Elected Mayor of Bristol**	**Signed: Date: 25/03/2024** **Stephen Peacock – Head of Paid Service**
Signed: Date: 25/03/2024 **Denise Murray – Chief Finance Officer (s151 Officer)**	**Signed: Date: 25/03/2024** **Tim O'Gara – Monitoring Officer**

2. Governance Framework and Compliance Review Process

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. It takes account of the environment in which the council now operates and aims to ensure that:

- resources are directed in accordance with agreed policy and according to priorities,
- that there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.2 The Code of Corporate Governance ("the Code") is intended to 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, based on Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016), sets out a framework consisting of seven core principles and details the council's core arrangements to meet each of the principles:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing capacity including the capability of its leadership and the individuals within the council
- Managing risk and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.3 Arrangements are in place to support delivery of the above principles as set out in 'the Code'. This statement reports the results of a review of effectiveness and level of compliance with those arrangements during the year 2022/23. The review is informed by:

- **First Line (Management) Assurances** – Assurances received from managers across the council that core elements of the governance arrangements are in place and effective. These have also been received from the council's three wholly owned companies – Bristol Holdings Ltd, Bristol Waste Company Ltd and Goram Homes.

- **Second Line (Oversight Functions) Assurances** – The council's Assurance Framework has a number of statutory officers and central functions in place to provide oversight of aspects of the council operations. These officers and teams are well placed to monitor and give a view on how well the council is complying with the governance arrangements as set out in the Code in their areas of responsibility. These include:

  - Section 151 Officer (Director of Finance)
  - Monitoring Officer (Director – Legal Services)
  - Head of HR (Director Workforce and Change)
  - Head of Policy (Director of Policy, Strategy and Digital)
  - Senior Information Risk Owner (Director – Legal Services)
  - The council's Audit Committee

  The Framework also enables regular financial, performance and compliance reporting to CLB and Members thereby creating a valuable body of evidence of senior management and Member scrutiny.

- **Third Line (Independent) Assurances**:
  - The council's **External Auditors** are required to independently audit the council to provide an opinion on the truth and fairness of the financial statements. In addition, the external auditors are required to consider the council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

  - The **Chief Internal Auditor** has provided an annual opinion sourced from a programme of assurance work completed through the year. Where audit work identifies control issues, action plans are developed with management to improve arrangements.

  - Other **external independent review bodies** carry out inspections to review the council's arrangements. These can be externally required or requested by the council where an independent view of specific arrangements is felt beneficial.

3.4 In completing the review, section 4 below outlines how the council can demonstrate compliance with its Code of Corporate Governance. Where arrangements have been improved during the year, these are identified. Similarly, where arrangements are found not to be working as effectively as they should be, these are recorded. Significant governance issues, where arising, are clearly identified at the end of the statement.

3. Principles of Governance – Assuring Compliance and Effectiveness Review

4.1 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 2022/23.

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

Governance In Action (2022/23)
Behaving with Integrity and demonstrating strong commitment to ethical values: 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. The council's induction programme for new employees includes a section on our expected values and behaviours, and there is an e-learning module devoted to this. An **annual staff survey** is carried out with specific questions on awareness of our values and whether they are treated fairly and with respect. This helps us understand real life experiences of our staff to support us in ensuring ethical working practices. **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 to avoid conflicts. **Targeted training** has been provided during 2022/23 to ensure staff involved in procurement matters are clear on requirements to avoid conflicts. Clear processes are in place should there be conduct issues and concerns about upholding the council's values. All councillors sign up to the **Member Code of Conduct** as part of their acceptance of office. Training is provided to councillors as part of their induction and declarations of interest have been made by all councillors which are published on the council's website. Minutes of meetings record declarations of interests by councillors. Procedures are in place to manage complaints against councillors and breaches of the Members Code of Conduct. **Counter-fraud arrangements** are in place including **whistleblowing reporting procedures** to enable wrong doing to be reported and dealt with effectively. Training has been provided to the Leadership Forum and via the internal communications bulletins to improve awareness and understanding of whistleblowing. **Respecting the Rule of Law:** The council makes lawful decisions in line with national legislation and in accordance with the procedures set out in the council's **Constitution**. The Monitoring Officer has oversight of decisions through the **Decision Pathway** with professional legal advice taken to support decision making across all executive and non-executive functions, including where appropriate external legal advice. Decision making reports include legal implications to ensure compliance with all relevant laws and regulations. Legal officers also support implementation of key projects, programmes and initiatives to ensure compliance.

Review of Compliance
Behaving with Integrity and demonstrating strong commitment to ethical values: **Management assurances** have confirmed a good level of compliance with requirements of the code of conduct in respect of declarations of interest, gifts and hospitality. Managers have confirmed that where such declarations are made, they are effectively managed and appropriately recorded. The **Director Workforce and Change** has confirmed that the level of employee grievances and disciplinary cases are currently lower than in previous years. An open dialogue and early resolution is always encouraged where appropriate, and the use of mediation has increased. A **fraud prevention review** concerning how well fraud risks associated with recruitment has concluded reasonable assurance that such risks are managed effectively. An **Independent Review** of the council's process for referring, assessing, investigating and managing potential whistle-blowing allegations concluded substantial assurance that arrangements are effective. The review was undertaken in February 2023. The annual staff survey asked staff about their awareness of and confidence in whistle-blowing processes. 82% said they were aware and 58% saying they were confident to use them. **Respecting the Rule of Law:** The **Monitoring Officer** has legal responsibility to look into matters of unlawfulness. He has also confirmed that all decisions have been made in accordance with the relevant policy framework. Regarding Member conduct, the Monitoring Officer has confirmed that no significant issues have arisen during the year and no formal investigations have been required into Members behaviour.
Focus of Future Improvement:
Development of an e-learning module in relation to declaration of interests to support wider understanding across the organisation.

Principle B – Ensuring openness and comprehensive stakeholder engagement:

Governance In Action (2022/23)
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. Partnerships are registered in a central corporate register which is reviewed at regular intervals by Executive Director Meetings. A **Partnerships Policy** governs requirements of partnerships around issues of governance and performance. The council has engaged comprehensively with partners during 2022/23. Examples include: - In January 2023, the council entered a joint venture, known as **City Leap,** which aims to transform the way the city generates, distributes, stores and uses energy to help make Bristol carbon neutral and climate resilient. - Taking a **One City Approach**, the council convened partners to help address the cost-of-living crisis, in particular to catalyse the opening of **100 Welcoming Spaces** across the city where people can meet up, socialise, keep warm and access support relating to the cost of living.

A major partnership focus during 2022/23 was working with health, local authority and VCSE partners on the establishment of the **Integrated Care System**, including its strategy, operating plans and approaches to key issues such as digital services.
The council has continued to publish and publicise key information including all which is a statutory or regulatory requirement, and much which is discretionary. Examples include extensive public consultation and engagement on the council's annual budget setting process. The council's **Budget 2023/24 consultation** sought views from the public and businesses on options for the level of Council Tax and Social Care Precept and proposals for how the council might save money and generate income to help bridge the forecast funding gap. The responses to the consultation helped to inform the final budget.

The council has adopted an open approach to consulting the public on a draft **Trans Inclusion and Gender Identity Policy** despite there being no statutory requirement to do so.

Review of Compliance

Management assurances have confirmed a reasonable level of assurance that effective arrangements for partnership working are in place.

The **Local Government and Social Care Ombudsman** report in respect of 2021/2022 complaints against the council was published and considered by the Audit committee in September 2022. The Ombudsman made no public interest reports.

An **internal audit review** in early 2023 provided a reasonable assurance regarding Partnership Governance.

An **Internal audit review** of Integrated Care Management gave reasonable assurance that arrangements for communication and engagement between the council and the Integrated Care Board (ICB) and Integrated Care Partnership (ICP) were effective.

In October 2022, **Ofsted and the Care Quality Commission (CQC**) revisited the area of Bristol to decide whether sufficient progress has been made in addressing each of the areas of significant weakness detailed in the inspection report letter published on 13 November 2019. They concluded that sufficient progress in addressing four out of five of the significant weaknesses identified at the initial inspection had been made.

Focus of Future Improvement:

Improve consistency in reporting progress on achieving objectives via partnership and maintaining partnership agreements in accordance with the Partnerships Policy.

Continue to strengthen and repair relationships with parents and carers through the Accelerated Progress Plan.

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

Governance In Action (2022/23)

Work was undertaken council-wide to plan against cross-cutting **Corporate Strategy 2022 -27** principles around inclusion, sustainability and resilience; and this in turn helped inform service-level planning through a council-wide **Service and Business Planning process for 2022/23.**

Outcomes are defined in the **Corporate Strategy** and subsequently **via annual Service and Business Planning** processes, which includes action-planning with timed milestones, and reviews of Key Performance Indicators (KPIs) and target-setting against agreed metrics. Service Plans have Director and Cabinet Member sign-off, and Director Summaries of Service Plans have

Executive Director and Cabinet Member sign-off. The Annual Business Plan and its associated Performance Framework is approved via Corporate Leadership Board and presented to Cabinet annually for noting.

Teams across the council are supported in applying their own thinking to **Equality Impact Assessments.** This is led by the teams themselves and enhanced through supporting knowledge and advice. Full Equality Impact Assessments are completed to understand and avoid potential disproportionate societal impacts, which can occur if protected characteristic or other factors, such as socio-economic deprivation, are not considered when decisions are being made. **Equality action plans** are also a key part of the planning process for services across the council, allowing for continuous service review.

The council's key decision-making process includes written assessment of **Ecological Impacts**, and checks alignment to Corporate Strategy principles and priorities which **include economic, social and environmental benefits.**

The council's **Climate and Ecological Strategic Board** is demonstrating its effectiveness in challenging council proposals for reducing carbon impacts. The governance below this strategic level is not yet established, though proposed changes agreed in April 2023 should help ensure that information flow and direction between operational and strategic levels is facilitated.

Climate change awareness e-learning has been developed and launched to help colleagues understand how their individual role can play a part in tackling climate change. So far over a thousand staff have completed the training.

The council's **Social Value Policy** provides a framework that "ensures that Social Value principles are applied in a way that enables the council to maximise economic, social and environmental benefits for Bristol and its citizens. Social value and sustainability are assessed in procurement activities, with comprehensive resources and training available to officers.

To reduce air pollution in the city, Bristol City Council has **launched a Clean Air Zone.**

Review of Compliance

Management assurances have confirmed a reasonable level of assurance that consideration is given to balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.

An **Internal Audit review of Social Value** arrangements has concluded 'Reasonable Assurance' regarding the effectiveness of processes for monitoring and reporting delivery of social value commitments through procurement activity.

An **Internal Audit consultancy review** of the effectiveness of the governance arrangements introduced to provide oversight and challenge of **Climate and Ecological Emergency (CEE**) actions has supported consideration of next step in improving governance of CEE Strategy.

Focus of Future Improvement:

CEE working groups to clarify their contribution to climate commitments and targets. Ensure there is appropriate balance between top-down strategy and bottom-up implementation to reduce the risk of divergent or maligned delivery strategies for individual workstreams. Development of specific measures and milestones for each strategic commitment.

Build consideration of environmental impacts into decision making through roll-out of the environmental assessment and capital sustainability framework.

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

Governance In Action (2022/23)
The single council-wide **Business Plan** - populated with selected content from departmental Service Plans - is approved by Corporate Leadership Board and presented to Cabinet annually for noting. It articulates key interventions and actions required to deliver Corporate Strategy priorities within the coming business year. This system creates a clear, auditable link from high-level strategic priorities through to tactical and operational delivery, down to individual staff objectives. An annual **Service Planning process** is the primary method of determining interventions, requiring managers to review policies, strategies, insights and other evidence in order to determine their priorities and interventions for the coming financial year. This is aligned (in terms of timing) to the annual budget setting process, with opportunities to review draft priorities and interventions in light of the financial envelope agreed at Full Council when the budget is set. 2022/23 saw the introduction of a **new performance management framework** which focuses on reporting on the Business Plan themes with Directors leading performance review and monitoring in regular thematic performance clinics. The process includes action-planning with timed milestones, and reviews of KPIs and target-setting against agreed metrics. The **Portfolio Management Office** (PMO) provides support to key programme and project boards by setting out a best practice framework for project and programme management with Programme and Project Management professionals appointed to all key programmes and projects. The PMO team separately reviews and assures Mandates and Business Cases before approval and quality assures reporting on delivery across all key programmes and projects. A new PPM tool to support more efficient and consistent portfolio, programme and project reporting has recently been procured.
Review of Compliance
Management assurances have confirmed a reasonable level of assurance that options appraisal is completed when determining interventions. Schemes of delegation are in place and decisions are recorded. Quarter 4 performance reporting identifies that overall 78% of Business Plan Actions were completed or on track at year end and 53% of Business Plan Priority Measures are achieved. 48% of City Outcome Measures were achieved at the end of the year. These measures represent the ‘health of the city’ rather than specific council performance.
Focus of Future Improvement:
Creation of a Power BI dashboard in early 2023/24 that enables leaders to view key progress and performance against targets. Completion of in-flight work on an interactive Organisational Scorecard product by the end of May 2023. Explore development of a fully integrated performance hub in the longer term subject to funding and technical and staffing capacity. Consider adopting the national Data Ethics Framework and associated development of internal frameworks for public value, ethical impact and data quality related to data-centric projects.

Principle E – Developing capacity including the capability of its leadership and the individuals within it.

Governance In Action (2022/23)
A **Workforce Strategy** was in place for the start of 2021/22 and is currently in the process of being updated for 23/24. This strategy sets out the actions we will take to support workforce and leadership development; our approach to workforce planning to address diversity and inclusion

gaps and the type and level of skills needed for the future, how we attract, retain and develop talent within the organisation.

A comprehensive **leadership development programme** is in place to offer training and coaching at all levels including new and aspiring team management. This is being refreshed for 23/24 to take account of emerging development needs.

A **new senior leadership structure** has been in place since Autumn 2022 with the appointment of a new Chief Executive and the final vacant post is currently being recruited to. To create greater capacity to focus on the challenges faced within the People Directorate, two separate directorate teams were created - Children's and Education Services and Adults and Communities. Use of interims for senior roles is limited to exceptional circumstances and for a defined period.

A talent development programme includes support for managers in identifying talent and succession planning, and guidance for colleagues on career development – including the '**Grow your Career' hub**, with advice on identifying skills, career development plans, application and interview skills. This work also includes **positive action development programmes** such as 'Diverse Voices' to bring diverse perspective to senior decision-making whist offering experience of working at a more senior level. It is currently being rolled out for new team leaders with plans to make it an organisation-wide programme.

A **management capacity review** including a succession planning policy was introduced in 2022/23. At the same time as reducing costs, this aims to secure future managers for the council and provide leadership resilience going forward.

A range of quality management information is published monthly and included within the HR Dashboard which is available to Heads of Service, Directors and Executive Directors. The **Workforce Diversity Dashboard** is also published monthly and is available to all staff. The details from these resources are used by managers to inform service plans, support business decisions and workforce planning, and develop plans for workforce change.

A Strategic Partnering approach has been introduced to several areas to support delivery. These include capital programme delivery, procurement and contract management, and internal audit services. During 2022/23, a **Digital Strategic Partner** has been procured to enhance capacity and skills to ensure the councils IT is resilient and support delivery of its digital ambitions.

Review of Compliance

The Director of Workforce and Change confirms that an effective management structure is in place with effective appraisals taking place.

Focus of Future Improvement:

Strengthen client function at the council to maximise delivery through council companies.

For 2023/24, a suite of mandatory performance objectives for managers will be introduced focussing on financial management, compliance and supporting our people.

Ensuring the council has sufficient capacity to deliver its key priorities.

Principle F – Managing risk and performance through robust internal control and strong public financial management.

Governance In Action (2022/23)

Managing Performance:

An **Annual Performance Framework** is compiled at the same time as Service and Business Planning for the year ahead, providing an opportunity for Heads of Service, Directors, Executive Directors, Cabinet Members and Scrutiny Members to review performance metrics and actions. All updates are highlighted for decision makers and require multiple levels of sign-off - Head of Service, Director, Executive Director, Cabinet Member and finally a formal decision made at Corporate Leadership Board.

At a corporate level, **performance metrics** are updated regularly and **actions** are tracked via quarterly Director returns. Every quarter, **thematic performance clinics** are held, each of which has a lead sponsoring Director who sets the agenda and chairs the Clinic, which cover the themes within the Corporate Strategy. Every quarter, corporate performance against the Performance Framework is reported to Corporate Leadership Board and Cabinet, plus Scrutiny Commissions and the Overview and Scrutiny Management Board. This includes all corporate measures and reports from all seven thematic performance clinics, with papers published publicly on the council's website.

At a service level there are a wide range of local activities in place to review and manage performance, including regular use of data and insights at departmental and divisional management meetings, and in some areas (such as within care services) there are localised performance clinics, reflective practice and a range in external reviews and inspections.

Twice a year managers and officers take part in **staff performance reviews** against a set of agreed objectives - which reflect the service plan and corporate strategy priorities

Managing Risk:

All service, directorate and corporate risks are reviewed regularly in line with the **Risk Management Policy**. A new risk management system was implemented during 2021/22 and this continues to embed.

Policies and processes are in place for the management of **information governance risks**. The Information Governance Team works to identify and manage cyber security risks. This remains a high-risk for the council due to the ever-changing nature of cyber threats. There is an escalation process for the approval of exceptions to information security policies, which is documented as part of the Risk Management Framework and risks will be escalated to the **Senior Information Risk Owner** as appropriate. The establishment of a **centralised disclosures team** this year brings together expertise to improve the robustness in approach across the council to the effective management of data.

Strong Financial Management

A self-assessment against **CIPFA Financial Management (FM) Code** has been completed in 2022/23 and shows reasonable levels of compliance against many of the code's standards. The assessment recognises that more could be done to improve across principles, particularly in the areas of Leadership, transparency and sustainability.

Development of **a Procurement Strategy** has taken place and work completed to better understand the reason for non-compliant breaches of procurement regulations. Further action is planned in 2023/24. A procurement breaches live dashboard was developed during 2022/23 to support closer monitoring in this area and the requirement for procurement compliance has been incorporated as a collective objective within individual performance frameworks.

In year **budget monitoring** moved to quarterly detailed reports supported by exception reports in the intervening periods. The Medium-Term Finance Plan was regularly updated through the year to prompt early action as required**. Recruitment controls** were put in place in July 2022 to support management of budget pressures and included interims and other agency workers. **Benchmarking** approaches have been strengthened to support financial planning and decision making.

Governance over **capital projects** has again been reviewed and delivery is supported by a strategic partner. Work has been undertaken to review why the majority of capital spend occurs in the final quarter to ensure current practices are appropriate.

Review of Compliance

Management assurances have confirmed reasonable levels of assurance that significant risks to the delivery of objectives have been identified and appropriate mitigations are in place and monitored. There is less confidence from managers regarding savings delivery in the currently challenging financial circumstances.

The council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made or considered during 2022/23 in their role as Section 151 Officer.

The FM Code self-assessment has also confirmed compliance with the **CIPFA Statement on the Role of the Chief Financial Officer** in Local Government. Work continues to evolve around the structure of the resources within the finance team, with continued focus on 'right sizing' the function, recruitment to vacant senior posts and retention of staff, to provide capacity and resilience in meeting business, audit and governance demand, the complexity of solutions required and to achieve best value for money.

The council's **Senior Information Risk Owner** has confirmed that there are no significant exceptions or breaches that have been identified in respect of compliance with the information security policies during 2022/23. **An Internal Audit review** of GDPR Compliance concluded reasonable assurance that controls are in place to support compliance by the council. However, post year end (in September 2023), a practice recommendation was issued by the Information Commissioners Office relating to performance in respect of response to Freedom of Information requests. Focus on improvement has seen increased performance and work is continuing to sustain improvement in this area.

The **staff survey** has confirmed that in 2022, 71% of respondents to the staff survey reported they had their performance review and 67% said their performance revie was helpful in giving clear priorities and feedback on their performance and development. The survey for 2022/23 is currently being undertaken.

An **Internal Audit review** of Risk Management concluded reasonable assurance that the council strategic risk management arrangements are effective.

An **Internal Audit review** concluded reasonable assurance that the self-assessment of compliance with the Financial Management Code (for 2021/22) was accurate and evidenced.

A programme of **internal audit reviews** in a sample of schools has confirmed there are reasonable arrangements for governance, risk and control. However, concerns were raised around the deteriorating situation in relation to increases in year deficits.

An **External review** of Bristol Operations Centre: Careline resulted in continued certification to the Quality Standards Framework**.**

Through management assurances, **Bristol Waste Company (BWC)** has identified some processes that require improvement to enhance the organisation's control, governance, risk, compliance and financial management arrangements. In addition, BWC has only agreed with the council a one-year Business Plan for 2023/24 so a longer-term Business Plan needs to be agreed. The company is already taking proactive action to strengthen its internal control, governance, risk and financial managements ensuring there are effective arrangements for managing common risks such as health and safety, cyber and fraud. Progress on these improvements will be regularly reported to the company's Audit, Assurance and Risk Committee. An annual internal audit plan has been agreed that will provide assurance on the adequacy and effectiveness of these arrangements in 2023/24.

Focus of Future Improvement:
Improve the consistency with which business continuity plans are maintained and reviewed at service level. Work to reduce the deficit in relation to school reserves, in particular the nursery school deficit. Further strengthen IT and Cloud resilience and Cyber security arrangements. Further work to effectively capture and manage service level information security risks. Work to Improve control processes when disposing of council assets. The council and BWC to agree a longer-term financial plan in 2023/24

Principle G – Implementing good practices in the transparency, reporting and audit to deliver effective accountability.

Governance In Action (2022/23)
The Council has a **decision pathway** that is used to manage the production of reports for public meetings. Reports are published in accordance with the statutory timelines exceptions to which must be agreed with the chair of committees. Papers will be available for members of the public unless the reports contain exempt information, as defined in law and set out in the Council's Constitution. **Forward plans** are published on a monthly basis for Mayoral and Cabinet decisions. Reports are prepared and EDMs have oversight of reports and Cabinet members will be briefed on reports in their portfolios. Reports are published for Cabinet within five working days of the date of the Cabinet meeting although there are occasions when this time frame is not met. **Officer Executive decisions** are overseen by Executive Director Meetings and Executive Support Managers have procedures in place to ensure the publication of Officer Executive Decisions. Emergency Officer decisions are sometimes required and will be reported to the next meeting of Cabinet. 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. 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. The Committee have undertaken two development workshops to enhance both effectiveness and explore compliance improvements relating to new best practice guidance issued by CIPFA (the Chartered Institute of Public Finance and Accountancy). During 2022/23, **Audit, Risk and Assurances Committees** were established for each of the two subsidiary companies of Bristol Holding Ltd.
Review of Compliance
The council's **External Auditors** independently audit the council to provide an opinion on the truth and fairness of the financial statements. Their audit of 2022/23 accounts is yet to be finalised but an unqualified opinion is anticipated. In addition, the external auditors are required to consider the council's arrangements to secure economy, efficiency and effectiveness in its use of resources. An interim report received from the External Auditor in July 2023 identified significant weaknesses relating to the Dedicated Schools Grant deficit, controlling spend and delivering savings, and contract management. These matters are reflected in Section 5 of this statement.. The **Chief Internal Auditor** has provided an annual opinion. The Chief Internal Auditors' opinion is that overall, **Reasonable Assurance** can be provided that in 2022/23, the systems of internal control, governance and risk management designed to meet the council's objectives were adequate and

operating effectively. This opinion means that whilst there are generally sound risk management, internal control and governance processes in place, there are some weaknesses which may put organisational objectives at risk. In line with the requirement of the Public Sector Internal Auditing standards, an **external review of the Internal Audit service** is required every 5 years. A review of the service concluded that the service complies with the requirements of the professional standards expected with only one recommendation for improvement made.
Focus of Future Improvement:
Agreed improvement actions arising from Internal Audit work to be implemented. Adult Social Care transformation programme, contract management, health and safety and IT are some of the key areas requiring improvement in 2023/24

4. Significant Governance Issues 2022/23

5.1 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.

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

Item	Issue	Key Actions
Significant Issues Remaining Open from 2022/23		
1	**Dedicated Schools Grant (DSG)** Bristol's DSG has reported an annual net deficit for several years, with a cumulative deficit of £39.7m as at 31 March 2023. The key financial pressure in the DSG is within the High Needs Block (HNB) where Bristol has been unable to deliver local need within the budgets available. Whilst many actions have already been taken to address this, the total deficit is increasing. Further actions are planned. (Reference item 5 below re Children's Services).	For 2023/24, the activity and programmes that have a contributing role to managing the DSG HNB deficit are being brought together into a single cohesive programme of work under a single governance structure to achieve the objectives. Formal consultation is estimated to commence in the summer term 2023, with options being tested with stakeholders and recommendations ready to present to Cabinet in the Autumn term. Schools Forum will be asked to endorse these recommendations at September's Schools Forum and provide their feedback to include in the Cabinet report following that meeting. Monitoring and oversight will be through: • Regular updates to Bristol Schools Forum • Our Families Transformation Board • DfE Delivering Better Value in SEND
2.	**Procurement Breaches**	

	Since 2020/21, the number of breaches of the council's procurement regulations continue to significantly increase rising to 342 (16% of procurements) in 2022/23 for contracts with a value of £73m over the life of the contracts. Further analysis undertaken indicates that the majority of non-compliance relates to: 1) extending or entering into a new contract without first seeking the signoffs required under BCC's internal procurement rules 2) extending or awarding a new contract via direct award when BCC's internal procurement rules require competition Whilst this does not evidence whether better value would have been achieved had an alternative course of action been followed, it does indicate a weakness in internal control and risk that best value may not be achieved.	It is recognised that more needs to be done to improve compliance with our standards and an action plan is in place to address this. Compliance will be part of the mandatory performance objectives for Heads of Service in 2023/24. In addition, the following actions are proposed: • Quarterly Divisional Management Team (by request) & Executive Director Management (EDM)Team attendance by procurement Business Partners • Additional specific quarterly reports on procurement compliance to EDMs, Corporate Leadership Board (CLB) and Cabinet Member Briefing will start in Q1 of financial year 2023/24 • Overview of future procurement activity as part of induction for new officers with commissioning responsibilities • Greater Executive Director accountability for compliance • Explore system development and Power BI reporting to increase visibility of contract end dates and spend Monitoring and oversight in 2023/24 will be through: • CLB oversight • ongoing review by the Internal auditors • further updates to be provided to the Audit Committee
3	**Savings** The council continues to face challenges in delivering required savings. The savings programme agreed by Full Council in March 2022 included 2022/23 savings totalling £18.0m. These combine with £6.2m of savings carried forward from prior years still requiring delivery. In 2022/23, the Council delivered savings to the value of £25.5m, which included £6.2m of savings rolled over from 2021/22. At the end of 2022/23, the Council reported to cabinet that 64% were delivered on a recurrent basis. In 2023/24, the compound effect of rolling forward savings (£8.6m from 2022/23) is that the savings target is now £32.7m.	The development of **detailed plans and activity** is being closely monitored by Governance Boards, CLB and Delivery Executive and details will be included in the quarterly Finance reports to Scrutiny and Cabinet and ongoing review by the internal auditors in 2023/24.
Significant Issue Emerging from 2022/23 Review		
4	**Children Services** Children, Families and Community Safety services are operating in a complex and challenging environment. An ILACS inspection during 2022/23 identified the need for essential improvements to move the service from 'Requiring Improvement' to 'Good'. At the same time, there has been increased demand for services, cost of living impacts, insufficient supply of alternative supported housing provision for our young people, a significant overspend in placements, reliance on agency staff due to recruitment and retention issues and savings not delivered during 22/23. This has resulted	The service is embarking on a significant transformation programme called the **'Our Families Programme.'** The programme aims to enable the service to deliver the improvements required, now and in the long term, within budget and recognising the likely increasing future demand. It will also address performance, compliance and quality assurance across the service by: • Delivering sustainable, long-term improvements to our services, through a **new operating model** ensuring resources are deployed efficiently and effectively, with decisions on service development informed by insight, quality and cost analysis • **Developing more effective working relationships** with key stakeholders and partners

	in a significant overspend by the service in 2022/23. (Reference item 1 above regarding DSG also)	• **Strengthening the capacity and capability** of our own workforce through recruitment and retention initiatives Develop an **Ofsted action plan**, enabled through an enhanced diagnostic commissioned by the DfE to deliver upon the improvements as outlined in the Ofsted recommendations. The actions will sit alongside the 'Our Families Programme' to ensure a single view of all changes. The **Enhanced Diagnostic analysis** will inform further actions to deliver better value in Children's to feed into the Our Families Programme. Our governance to oversee these improvements is the implementation of Our Families Programme Board, quarterly assurance reporting to Corporate Leadership Board via Executive Directorate Meeting, plus SEND Improvement Board for our local area SEND monitoring (including DfE).

5.3 The progress relating to the significant governance issues identified in 2021/22 was presented to the Audit Committee in May 2023 through the Annual Governance Statement 2021/22 - Progress Update Report.

5.4 Progress in relation to the improvement areas identified in this statement will also be reported to and monitored by the Audit Committee.

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
455,427	(227,290)	228,137	People	485,446	(206,510)	278,936
215,819	(142,864)	72,955	Resources	205,691	(135,023)	70,668
253,183	(94,078)	159,105	Growth & Regeneration	307,838	(159,120)	148,718
116,048	(123,045)	(6,997)	Housing Revenue Account	124,744	(127,179)	(2,435)
228,592	(204,935)	23,657	Dedicated Schools Grant	241,116	(212,748)	28,368
16,968	(5,370)	11,598	Corporate Funding & Expenditure	6,619	(4,210)	2,409
1,286,037	**(797,582)**	**488,455**	**Cost of services**	**1,371,454**	**(844,790)**	**526,664**
		11,786	Other operating expenditure (Note 8)			11,316
		(45,081)	Financing and investment income and expenditure (Note 9)			118,673
		(434,096)	Taxation and non-specific grant income (Note 10)			(487,190)
		21,064	**(Surplus)Deficit on provision of services**			**169,463**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services			
		(229,207)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 19)			(3,592)
		(143,885)	Remeasurement of the net defined benefit liability/asset (Note 33)			(777,957)
			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 23)			
		(373,092)	Other comprehensive income and expenditure			(781,549)
		(352,028)	**Total comprehensive income and expenditure**			**(612,086)**

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	**98,442**	104,553	11,296	3,080	**481,272**	1,254,239	1,735,511
Movement in Reserves during 2021/22														
Surplus or (deficit) on the provision of services		**(18,417)**			**(18,417)**	**(2,647)**		**(2,647)**				**(21,064)**		**(21,064)**
Other Comprehensive Expenditure and Income													**373,092**	**373,092**
Total Comprehensive Expenditure and Income		**(18,417)**	**-**	**-**	**(18,417)**	**(2,647)**	**-**	**(2,647)**	**-**	**-**	**-**	**(21,064)**	**373,092**	**352,028**
Adjustments between accounting basis and funding basis under regulations	Note 17	(26,370)			(26,370)	6,436		**6,436**	(3,695)	1,606	1,283	**(20,741)**	20,741	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(44,787)**	**-**	**-**	**(44,787)**	**3,789**	**-**	**3,789**	**(3,695)**	**1,606**	**1,283**	**(41,805)**	**393,833**	**352,028**
Transfers to/(from) Earmarked Reserves	Note 18	49,196	(47,272)	(1,924)	-	(4)	4	**-**						
Increase/(Decrease) in 2021/22		**4,409**	**(47,272)**	**(1,924)**	**(44,787)**	**3,785**	**4**	**3,789**	**(3,695)**	**1,606**	**1,283**	**(41,805)**	**393,833**	**352,028**
Balance at 31 March 2022 Carried Forward		**40,075**	**173,435**	**5,604**	**219,114**	**101,576**	**655**	**102,231**	**100,858**	**12,902**	**4,363**	**439,466**	**1,648,072**	**2,087,538**
Movement in Reserves during 2022/23														
Surplus or (deficit) on the provision of services		**(171,183)**			**(171,183)**	**1,720**		**1,720**				**(169,463)**		**(169,463)**
Other Comprehensive Expenditure and Income					**-**			**-**				**-**	**781,549**	**781,549**
Total Comprehensive Expenditure and Income		**(171,183)**	**-**	**-**	**(171,183)**	**1,720**	**-**	**1,720**	**-**	**-**	**-**	**(169,463)**	**781,549**	**612,086**
Adjustments between accounting basis and funding basis under regulations	**Note 17**	**111,378**			**111,378**	**(4,502)**		**(4,502)**	**4,109**	**(2,901)**	**2,768**	**110,852**	**(110,852)**	**-**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(59,805)**	**-**	**-**	**(59,805)**	**(2,781)**	**-**	**(2,781)**	**4,109**	**(2,901)**	**2,768**	**(58,610)**	**670,697**	**612,086**
Transfers to/(from) Earmarked Reserves	**Note 18**	**49,257**	**(42,894)**	**(6,363)**	**-**	**-**	**-**	**-**				**-**	**-**	**-**
Increase/(Decrease) in 2022/23		**(10,548)**	**(42,894)**	**(6,363)**	**(59,805)**	**(2,781)**	**-**	**(2,781)**	**4,109**	**(2,901)**	**2,768**	**(58,610)**	**670,697**	**612,086**
Balance at 31 March 2023 Carried Forward		**29,527**	**130,541**	**(759)**	**159,309**	**98,795**	**655**	**99,450**	**104,967**	**10,001**	**7,131**	**380,855**	**2,318,769**	**2,699,624**

Balance Sheet as at 31 March 2023

31-Mar-22		Note	31-Mar-23
£'000			£'000
3,053,348	Property, Plant & Equipment	19	3,081,957
215,256	Heritage Assets	20	215,256
14,990	Intangible Assets	22	10,859
356,640	Investment Property	21	282,169
44,288	Long Term Investments	23	45,065
60,807	Long Term Debtors	28	56,786
3,745,329	**Long Term Assets**		**3,692,092**
103,948	Short Term Investments	23	40,343
26,978	Inventories	29	2,356
160,856	Short Term Debtors	28	182,921
133,443	Cash and Cash Equivalents	30	76,764
806	Assets held for sale		1,232
426,031	**Current assets**		**303,616**
(19,709)	Cash and Cash Equivalents	30	(31,118)
(9,952)	Short Term Borrowing	23	(4,764)
(275,245)	Short Term Creditors	31	(213,309)
(13,349)	Provisions	32	(12,480)
(22,480)	Revenue grants received in advance	16	(13,115)
(66,341)	Capital grants received in advance	16	(56,153)
(407,076)	**Current liabilities**		**(330,939)**
(445,488)	Long Term Borrowing	23	(445,488)
(15,505)	Provisions	32	(15,249)
(1,200,866)	Other Long Term Liabilities	31	(487,574)
(14,887)	Capital Grants Receipts in Advance	16	(16,834)
(1,676,746)	**Long term liabilities**		**(965,145)**
2,087,538	**Net assets**		**2,699,624**
(439,466)	Usable Reserves	18	(380,855)
(1,648,072)	Unusable Reserves	33	(2,318,769)
(2,087,538)	**Total reserves**		**(2,699,624)**

These Financial Statements replace the unaudited Financial Statements confirmed by Denise Murray, Director of Finance (S151 Officer) on 25 March 2024.

Signed Denise Murray - Director of Finance (S151 Officer)

Cash Flow Statement for the year ended 31 March 2023

2021/22 £'000		Note	2022/23 £'000
(21,064)	Net deficit on the provision of services		(169,463)
176,672	Adjustment to net surplus on the provision of services for non-cash movements	35	209,011
(73,289)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	35	(113,453)
82,319	Net cash flows from Operating Activities		(73,905)
(83,070)	Investing Activities	36	20,785
(7,088)	Financing Activities	37	(14,968)
(7,839)	Net increase (decrease) in Cash and Cash Equivalents		(68,089)
121,572	Cash and Cash Equivalents at the beginning of the reporting period	30	113,735
113,733	**Cash and Cash Equivalents at the end of the reporting period**		**45,646**

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.

In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management 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, Bristol Heat Networks 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 profit or loss (FVTPL) and are carried in the Balance Sheet at fair value with the exception of Bristol is Open Ltd. Changes in the fair value of the Council's investments in subsidiaries are recognised in Surplus/Deficit on the Provision of Services. Impairments are recognised 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 current 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 - current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets – the current value measurement base is current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value 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 His 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.

(xxxi) Community infrastructure levy

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions.

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.

The authority is implementing IFRS 16 in FY 2024.25, and the assessment of IFRS 16 has not yet been conducted. Other than IFRS 16, 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.

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 profit or loss (FVTPL) and are carried in the Balance Sheet at fair value with the exception of Bristol is Open Ltd. Changes in the fair value of the Council's investments in subsidiaries are recognised in Surplus/Deficit on the Provision of Services. Impairments are recognised in the Surplus/Deficit on the Provision of Services.

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 Surplus Assets) Carrying value £3.056bn	Asset valuations are based on Current Value and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's internal and external valuers provided valuations as at 31 March 2023 for non-current assets. The Council's valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs (such as build costs, obsolescence, market prices, building industry specific indices and yield) that must be used to apply valuations.	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 1%, this would result in a £30.56m 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 £1bn • a 0.5% increase in the discount rate will reduce the net pension liability by £33m. • 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 Carrying value £282m	The Council's external valuers use valuation techniques to determine the fair value of investment property. This includes lease profile, tenant covenant, rent status and location. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. If investment property value were to reduce by 10%, this would lead to a £28.2m reduction. This would impact the Council's CIES Surplus/Deficit.

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

	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 1)	Net change for the Pension Adjustments (Note 2) EFA (Note 3)	Other Differences EFA (Note 3)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	**261,118**	9,000	8,817		**17,817**	**278,936**
Resources	**54,240**	7,771	8,656		**16,428**	**70,668**
Growth & Regeneration	**72,158**	66,026	10,534		**76,560**	**148,718**
Housing Revenue Account	**(9,341)**	1,768	5,138		**6,906**	**(2,435)**
Dedicated Schools Grant	**20,219**	-	8,149		**8,149**	**28,368**
Corporate Funding & Expenditure	**15,365**	(9,702)	(2,582)	(672)	**(12,956)**	**2,409**
	413,759	74,864	38,712	(672)	**112,904**	**526,664**
Other income and expenditure (Notes 8,9,10)	(351,173)	18,510	28,142	(52,680)	(6,028)	(357,201)
(Surplus) Deficit on the Provision of Services	**62,586**				**106,876**	**169,463**
Opening General Fund and HRA Balance	(321,344)					
Less Deficit on General Fund and HRA Balance in Year	62,586					
Closing General Fund and HRA Balance at 31 March 2023*	**(258,759)**					

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

	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 1)	Net change for the Pension Adjustments (Note 2) EFA (Note 3)	Other Differences EFA (Note 3)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	**206,878**	13,425	7,835	-	**21,260**	**228,138**
Resources	**56,438**	8,898	7,618	-	**16,517**	**72,955**
Growth & Regeneration	**84,229**	65,012	9,864	-	**74,876**	**159,105**
Housing Revenue Account	**(13,440)**	1,706	4,737	-	**6,443**	**(6,997)**
Dedicated Schools Grant	**15,756**	-	7,901	-	**7,901**	**23,657**
Corporate Funding & Expenditure	**19,995**	16,348	(5,021)	(19,724)	**(8,397)**	**11,598**
	369,856	105,389	32,934	(19,724)	**118,599**	**488,455**
Other income and expenditure (Notes 8,9,10)	(328,858)	(122,953)	23,168	(38,749)	(138,534)	(467,392)
(Surplus) Deficit on the Provision of Services	**40,998**				**(19,934)**	**21,064**
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 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 2 - 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 3 - 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	436,425	409,405
Depreciation, Amortisation & Impairment	104,432	116,315
Other Service Expenditure	909,661	830,064
(Gain) / Loss on Investment Property Revaluation	73,179	-
Total Expenditure	**1,523,698**	**1,355,784**
Income		
Fees, Charges and Other Service Income	(335,791)	(307,077)
Interest & Investment Income	(10,104)	(5,957)
Income from Council tax & Non-domestic Rates	(397,595)	(351,236)
Government Grants, Other Grants and Contributions	(610,745)	(587,601)
(Gain) / Loss on Investment Property Revaluation	-	(82,849)
Total Income	**(1,354,235)**	**(1,334,720)**
Surplus or (deficit) on the Provision of Services	**(169,463)**	**(21,064)**

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.

7b Clean Air Zone Income and Expenditure

The Government has set legal limits for pollution. To ensure we meet these in the shortest possible time, Bristol City Council introduced a clean air zone in November 2022. During FY 2022–23, Clear Air Zone net income of £8.2m (gross income of £9.9m and gross expenditure of £1.7m) is included in the surplus or (deficit) on the provision of services.

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	36,993	33,695
Changes in the Fair Values of Financial Instruments	1,696	(148)
Pensions net interest cost	28,142	23,168
Interest receivable and similar income	(10,920)	(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	**118,673**	**(45,081)**

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	(31,220)	(42,592)
Capital grants and contributions	(58,368)	(40,261)
Total	**(487,190)**	(434,096)

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 programme between Bristol City Council and NHS Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group (NHS BNSSG CCG) 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 £'000	2021/22 £'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		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.
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			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.
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	10	35	14	1,016	438
£40,001 - £60,000	1	1	28	6	29	7	1,304	312
£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**	**31**	**106**	**77**	**2,921**	**1,370**

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	73	51
Fees payable in respect of other services provided by the External Auditor during the year	-	-
Total	**342**	**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					2022/23		
£'000					**£'000**		
Central Expenditure	ISB	Total		Notes	**Central Expenditure**	**ISB**	**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**				**185,617**
		-	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	185,617
-	246	246	In year adjustments	2	-	(690)	(690)
29,264	**151,383**	**180,647**	**Final budgeted distribution for year**		**69,386**	**115,542**	**184,927**
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**	**(15,032)**
		-	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				(15,032)
		(24,650)	Total DSG unusable reserve at the end of the year	4			(39,682)
		(24,650)	**Net DSG position at the end of the year (Note 33)**				**(39,682)**

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 10 & see below)	58,368	40,261
Non service related government grants (Note 10)	31,220	42,592
Total	**89,588**	**82,853**

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	1828
Housing Revenue Account	2,247	477
Developer Contributions	5,487	6,112
Corporate Funding & Expenditure	1,426	
Total Government Grants & Contributions applied	**58,368**	**40,261**
Government grants unapplied	-	-
Total grants credited to the CIES	**58,368**	**40,261**

Grants Credited to Services

	2022/23 £'000	2021/22 £'000
Adults, Children and Education		
Adult Education	1,381	1,364
Better Care Fund	39,816	38,249
COVID-19 - Emergency Response Grants (Adult Social Care)	0	10,988
Education	1,575	
Dedicated Schools Grant	183,409	180,647
Education Services Grant	59	10
Education and Skills Funding Agency Grants	12,634	8,145
Covid 19 - Education and Skills Funding Agency Grants	97	684
Independent Living Fund Grant	1,618	1,662
PFI Special Grant	16,323	17,103
Pupil Premium	6,783	6,918
Troubled Families	1,879	1,686
Youth Justice Board	911	753
Other Social Care Grants (Adults)	5,685	2,820
Other Social Care Grants (Children)	9,502	6,581
REFCUS	8,398	12,925
Homes for Ukraine	3,485	0
Other	5,801	6,065
Growth & Regeneration		
Discretionary Housing Payments	741	1,045
Go Ultra Low Grant		109
Homelessness Reduction & Support Grant	8,439	9,115
Housing Benefit (rent allowances/council tax benefit) subsidy	112,435	117,834
Housing Benefit Administration Subsidy	2,433	2,377
Innovate UK		77
Public Health	34,588	33,643
COVID-19 - Public Health Grants	577	5,288
Public Health - Other	1,622	2208
SWERCOTS	411	420
Travel & Transport Grants	349	564
Air Quality Grant	6588	657
Arts Council England	2,290	2,105
Better Bus Area Fund	38	-
Sustainable Travel Access Fund	330	976
Covid 19 - Winter Grant	8,080	6,913
Covid 19 - Business Support Grants		4,290
North & South Bristol Enterprise Support Grants	736	635
Heat Networks	20367	
REFCUS	16,138	8,365
Other	5,090	5,364
Resources		
Covid 19 - Tax Income Guarantee 75%	8	-
Covid 19 - Test & Trace Support Grant	166	4568
Other	375	1594
Total	**521,157**	**504,747**

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	50,542	61,379
Section 106 contributions	22,445	19,849
Total	**72,987**	**81,228**
Due < 1 year	56,153	66,341
Due > 1 year	16,834	14,887
Total	**72,987**	**81,228**
Revenue grants Received in Advance		
Covid-19 Additional Relief Fund (CARF)	-	13,728
People	11,688	4,693
Growth & Regeneration	1,061	1,943
Taxation and non-specific grant income	-	961
Resources	366	1,155
Total	**13,115**	**22,480**

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 contributions	80,656	2,247				82,904
Revenue expenditure funded from capital under statute	(34,551)	-	-			(34,551)
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)	(1,696)	-				(1,696)
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	-	-			(4,533)	(4,533)
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 34)	(105,945)	(12,920)				(118,865)
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	**(111,378)**	**4,502**	**(2,768)**	**2,901**	**(4,109)**	**(110,852)**

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	(76,882)	(33,562)				(110,444)
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 contributions	61,075	477				61,552
Revenue expenditure funded from capital under statute	(26,773)		-			(26,773)
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)			0
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			0
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					4,170	4,170
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)	(93,544)	(12,243)				(105,787)
Employer's pensions contributions and direct payments to pensioners payable in the year	44,788	4,896				49,684
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)
Other Reserve Movements	**26,370**	**(6,436)**	**(1,283)**	**(1,606)**	**3,695**	**20,741**

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 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

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	(10,509)	(40,075)	**(40,075)**	24,991	(14,443)	**(29,527)**
General Fund Earmarked Reserves								
Capital Investment Reserve	(35,634)	11,657	(13,116)	(37,093)	**(37,093)**	5,385	(8,359)	**(40,067)**
Business Transformation Reserve	(3,333)	1,899	(1,414)	(2,848)	**(2,848)**	772	(3,936)	**(6,012)**
Risk Management Reserve	(105,993)	134,248	(82,701)	(54,446)	**(54,446)**	40,229	(1,245)	**(15,462)**
Statutory/Ring-fenced Reserve	(49,192)	19,481	(27,077)	(56,788)	**(56,788)**	21,586	(28,030)	**(63,232)**
Financing Reserve	(6,608)	2,559	(547)	(4,596)	**(4,596)**	2,440	-	**(2,156)**
Service Specific Reserves	(19,947)	9,699	(7,415)	(17,663)	**(17,663)**	17,293	(3,242)	**(3,612)**
Total	(220,707)	179,543	(132,270)	(173,434)	**(173,434)**	87,705	(44,812)	**(130,541)**
Total Dedicated Schools grant Reserve								
School Reserves								
Schools - Balances	(7,180)	2,102	-	(5,078)	**(5,078)**	7,358	(1,033)	**1,247**
Schools - Other	(348)	-	(178)	(526)	**(526)**	73	(35)	**(488)**
Total Schools	(7,528)	2,102	(178)	(5,604)	**(5,604)**	7,431	(1,068)	**759**
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	(109,738)	58,920	(64,315)	(115,133)	**(115,133)**	95,424	(89,742)	**(109,451)**
Capital Reserves								
Capital Receipts	(3,080)	33,758	(35,040)	(4,362)	**(4,362)**	36,631	(39,399)	**(7,131)**
Capital Grants Unapplied	(104,553)	24,707	(21,012)	(100,858)	**(100,858)**	14,051	(18,160)	**(104,967)**
Total Usable Capital Reserves	(107,633)	58,465	(56,052)	(105,220)	**(105,220)**	50,682	(57,559)	**(112,098)**
TOTAL USABLE RESERVES	(481,272)	305,130	(263,324)	(439,466)	**(439,466)**	**265,201**	**(206,591)**	**(380,855)**

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.

	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s		Infrastructure Assets £000s	Total Property, Plant & Equipment £000s	PFI Assets Included in Property, Plant & Equipment £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	-
Revaluation Increases / (decreases) recognised in the Revaluation Reserve	(41,346)	5,021	-	(189)	-	(1,091)	(37,605)	-	(37,605)	(676)
Revaluation Increases / (decreases) / Impairment loss recognised in the Surplus / Deficit on the Provision of Services	-	(12,051)	-	(316)	(22,457)	152	(34,672)	-	(34,672)	2,281
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	-	-	-	-	820	426	1,246	-	1,246	-
Assets reclassification	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	11,353	-	-	-	-	41,197	-	41,197	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	6,805	-	-	-	238	7,043	-	7,043	676
Derecognition - Disposals	101	411	497	-	-	-	1,009	-	1,009	-
Other movements in depreciation and Impairment		(155)	-	-	148	8	1		1	-
At 31 March 2023	**(14,853)**	**(20,455)**	**(55,305)**	**(638)**	**(31)**	**(125)**	**(91,407)**	**-**	**(91,406)**	**(363)**
Balance Sheet at 31 March 2023	**1,934,333**	**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**	**672,331**	**89,944**	**7,870**	**23,662**	**43,830**	**2,603,537**	**-**	**2,603,537**	**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	35,790	-	114	(1,686)	(560)	**192,179**	-	**192,179**	1,452
Revaluation Increases / (decreases) / Impairment loss recognised in the Surplus / Deficit on the Provision of Services	-	(25,266)	-	-	(32,862)	(822)	**(58,950)**	-	**(58,950)**	(641)
Derecognition - Disposals	(8,363)	(5,769)	-	(3)	-	(13,011)	**(27,146)**	-	**(27,146)**	-
Assets reclassified (to) / from Held for Sale	-	-	-	-	-	-	**-**	-	**-**	-
Other movements in cost or valuation	-	-	-	-	-	-	**-**	-	**-**	-
Assets reclassification	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**	**655,605**	**51,365**	**7,454**	**23,658**	**43,706**	**2,533,310**	**306,707**	**2,840,017**	**26,586**

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

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

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (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 3–40 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 current 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 current 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		**41,836**	**103,602**	**41,924**	**1,398**	**188,760**
01 Oct 2022	**1,949,186**	581,966	-	-	24,626	**2,555,778**
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**	**41,924**	**26,024**	**2,836,934**

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 current 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).

Impairments
Impairment losses on property, plant and equipment are recognised in accordance with International Accounting Standard (IAS) 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. For the year ended 31 March 2023, the Authority recorded an impairment charge of £22.457 million within the classification of Asset Under Construction within Property Plant and Equipment relating to the investment in the Bristol Beacon, a music venue in central Bristol that will bring economic growth to the City. The Bristol Beacon requires further expenditure before completion which is above the estimated assets recoverable amount that is derived from the existing lease arrangements which has resulted in the impairment loss.

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.

Other comprises biology (£16.40m), geology (£8.4m), and social history (£2m).

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 current 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 current 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 current value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment income and expenditure line.

Current Value Hierarchy

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

	Other significant observable inputs (Level 2)	
	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. A total of 272 properties were valued by an external valuer in FY 2022–23, with a total value of £241m and a remaining balance of £41m by the internal valuer.

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 current 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-Mar 2023	31-Mar 2022	**31-Mar 2023**	31-Mar 2022
	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised cost				
Borrowing	(445,488)	(445,488)	(4,764)	(9,952)
Service Concessions	(108,815)	(116,237)	(9,815)	(9,101)
Creditors	(94)	(94)	(191,358)	(256,940)
Cash & Cash Equivalents			(31,117)	(19,450)
Total Financial Liabilities	**(554,397)**	**(561,819)**	**(237,054)**	**(295,443)**
Financial Assets at amortised cost				
Investments	-	-	45,697	128,948
Debtors*	21,974	24,548	119,645	96,972
Financial Assets at Fair Value through Other Comprehensive Income				
Investment	350	350	-	-
Financial Assets at Fair Value through profit and loss				
Investments	44,714	43,938	71,409	108,184
Total Financial Assets	**67,038**	**68,836**	**236,751**	**334,104**

Debtors include a £5.8m loan to Bristol Waste and a £10.6m loan to Goram Homes Limited as per note 38 Related Parties.

Movements

The decrease in financial liabilities, circa £65m relates to an in decrease in the value of general creditors (£66m) 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 £102m 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
Cash & Cash Equivalents -Bank Overdraft	31,117	19,450
- 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	**35,882**	**29,402**

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 Other CI	Fair Value through the P&L	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(36,993)	-	-	-	(37,723)
Total expense in Surplus or Deficit on the Provision of Services	**(36,993)**	**-**	**-**	**-**	**(37,723)**
Interest Income	-	6,701	-	1,851	9,282
Fair Value Movement	-	-	-	(1,696)	(1,696)
Dividend Income	-	-	-	2,368	2,368
Total income in Surplus or Surplus / Deficit on the Provision of Services	**(36,993)**	**6,701**	**-**	**2,523**	**(27,769)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**
Net gain/(loss) for the year	**(36,993)**	**6,701**	**-**	**2,523**	**(27,769)**

Financial Instruments Gains and Losses 2021/22

	Financial Liabilities	Financial Assets			
	Measured at amortised cost	Amortised Cost	Fair Value through the Other 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)	-	-	7,059	-	-	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**	**-**	**45,065**	**108,184**	**-**	**44,288**
Investment properties	**-**	**282,169**	**-**	**-**	**356,640**	**-**
Surplus properties	**-**	**25,900**	**-**	**-**	**29,462**	**-**
Total recurring fair value measurements	**71,409**	**308,069**	**45,065**	**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 with no deduction, 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 21)	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 on 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 (£350k) 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	(1,696)	112
included in Other Comprehensive Income and Expenditure	-	-
Total gains/(losses) for the period:	**(1,696)**	**112**
Additions	2,474	831
Disposals	-	(225)
Closing balance	**45,065**	**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	19,450	19,450
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
Service Concessions	118,630	147,709	125,339	177,629
Other	590	590	707	707
Total Liabilities	**600,094**	**615,716**	**600,323**	**823,386**

The Authority has calculated an exit price of £879k a 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 of service concessions; others are lower because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below 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	40,343	40,343	103,948	103,948
Cash and Cash Equivalents	5,355	5,355	25,000	25,000
Non-current investments	1	1	-	-
Non-current debtors	21,974	21,974	24,548	24,548
Total Financial Assets	**67,672**	**67,672**	**153,495**	**153,495**

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 Level 1 £'000	Observable inputs Level 2 £'000	Unobservable inputs Level 3 £'000	Quoted prices in active markets Level 1 £'000	Observable inputs Level 2 £'000	Unobservable inputs Level 3 £'000
Recurring fair value measurements using: Financial Liabilities held at Amortised Cost						
Cash & Cash Equivalent		31,117			19,450	
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**			**600,323**	
Financial Assets held at amortised cost						
Current Investments		40,343			103,948	
Cash and Cash Equivalents		5,355			25,000	
Non-current Investments		1			-	
Non-current Debtors		21,974			24,548	
Total		**67,672**			**153,496**	

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%	-	6
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**	**29**
Trade debtors	**119,645**			-	-
Non-current debtors	**21,974**			-	-
Total Financial assets	**187,316**			**11**	**29**

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, is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	236,751	333,143
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**	**401,979**

The maturity analysis of financial liabilities is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	237,072	295,443
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	**791,452**	**857,262**

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
Sources of finance		
Capital Receipts set aside for repayment of debt	(11,718)	(1,970)
Capital receipts	(24,913)	(16,646)
Government grants and other contributions	(83,328)	(61,077)
Capital Grants Unapplied	4,533	(4,170)
Sums set aside from revenue:		
· Direct revenue contributions	(4,778)	(2,778)
· Use of Major Repairs Reserve	(33,383)	(29,290)
· MRP – City Council Debt	(17,522)	(14,381)
Closing Capital Financing Requirement	**939,876**	**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	31 March 2022
i	**Current debtors**	**£'000**	**£'000**
	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 23.

		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	76,511	133,184
Total Cash and Cash Equivalents	**45,646**	**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	20,308	70,689
Total	**213,309**	**275,245**

Other long-term liabilities	31 March 2023 £'000	31 March 2022 £'000
Service Concession contract liabilities (see Note 27)	108,815	116,238
Retirement benefit obligations (see Note 34)	342,483	1,046,846
Deferred liabilities	36,182	37,689
Rent Deposits	94	93
Total	**487,574**	**1,200,866**

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.

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)	-
Succession 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)	(10,000)	(14,452)
Legal	(498)	-	-	(498)	(498)	-
Pay Award	-	(149)	-	(149)	(149)	-
Other	(300)	(6)	-	(306)	-	(306)
	(28,854)	**(10,916)**	**12,040**	**(27,729)**	**(12,480)**	**(15,249)**

	2022	2023
Due < 1 year	(13,349)	(12,480)
Due > 1 year	(15,505)	(15,249)
	(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	(1,525,687)	(1,579,814)
Financial Instruments Adjustment Account	6,543	6,721
Deferred Capital Receipt Reserve	(10,026)	(12,851)
Pensions Reserve	342,482	1,053,586
Collection Fund Adjustment Account – Council tax	(1,745)	7,526
Collection Fund Adjustment Account – NNDR	(1,747)	38,987
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	-	2,672
Accumulated Absences Account	9,436	10,108
Dedicated Schools Grant Adjustment Account	39,682	24,650
	(2,318,769)	(1,648,072)

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 25 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	1,594	(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
	(1,404,130)	(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)
Use of the Capital Grants Unapplied to finance new capital expenditure		(4,170)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(78,795)	(61,077)
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)
	(1,598,866)	(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	**(1,525,687)**	**(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	1,053,585	1,141,369
Remeasurements on pensions assets and liabilities	(777,958)	(143,885)
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	118,865	105,786
Employer's pensions contributions and direct payments to pensioners payable in year	(52,010)	(49,685)
Balance at 31 March	**342,482**	**1,053,585**

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	49,185	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	(52,677)	(38,750)
Balance at 31 March	**(3,492)**	**49,185**

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 15.

	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	15,032	14,646
Balance at 31 March	**39,682**	**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	**88,577**	85,558	**-**	-
Past service gains/curtailment costs/Settlements	**817**	(4,200)	**-**	-
Administration expense	**1,329**	1,261	**-**	-
Financing and Investment Income Expenditure				
Net interest cost	**26,465**	21,857	**1,677**	1,311
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**117,188**	104,476	**1,677**	1,311
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurements (assets/liabilities)	**(766,115)**	(144,062)	**(11,842)**	177
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19	**(117,188)**	(104,476)	**(1,677)**	(1,311)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	**46,892**	45,603	**5,119**	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: Local Government Pension Scheme		Unfunded liabilities: Local Government Pension Scheme		Unfunded liabilities: Teachers' Unfunded Pensions		Total Liability: 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	(3,014,839)	(2,925,287)	(32,708)	(34,356)	(61,899)	(64,492)	(3,109,446)	(3,024,135)
Current service cost	(88,577)	(85,558)	-	-	-	-	(88,577)	(85,558)
Interest on pension liabilities	(83,603)	(60,702)	(880)	(692)	(1,677)	(1,311)	(86,160)	(62,705)
Contributions by scheme participants	(14,766)	(13,732)	-	-	-	-	(14,766)	(13,732)
Remeasurement (liabilities)							-	
Experience gain/(loss)	(214,674)	(170,548)	(1,800)	(2,018)	(4,277)	(180)	(220,751)	(172,746)
Gain/(loss) on financial assumptions	1,185,032	47,597	7,913	350	14,167	(617)	1,207,112	47,330
Gain/(loss) on demographic assumptions		114,418	-	1,303	1,952	620	1,952	116,341
Benefits paid	72,801	68,983	2,582	2,705	4,045	4,081	79,428	75,769
Past service grants, curtailment costs and settlements	(817)	9,990	-	-	-	-	(817)	9,990
31-Mar	**(2,159,443)**	(3,014,839)	**(24,893)**	(32,708)	**(47,689)**	(61,899)	**(2,232,025)**	(3,109,446)

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

	2022/23 £'000	2021/22 £'000
01-Apr	2,062,706	1,896,322
Interest on plan assets	58,018	39,537
Remeasurement (assets)	(210,356)	152,960
Administration expense	(1,329)	(1,261)
Settlements	-	(5,790)
Employer contributions	41,224	38,894
Contributions by scheme participants	14,766	13,732
Benefits paid	(75,383)	(71,688)
31-Mar	1,889,646	2,062,706

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 (£152,338m) (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	(2,184,336)	(3,047,547)	(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**	**2,062,706**	**1,896,322**
Surplus/(deficit) in the scheme:			
Local Government Pension Scheme	(294,690)	(984,841)	(1,063,321)
Teachers' unfunded liabilities	(47,689)	(61,899)	(64,492)
Total	**(342,379)**	**(1,046,740)**	**(1,127,813)**

The total liabilities shown in the Balance Sheet comprise the above (£342,379m) together with a small amount in respect of pre-1974 liabilities (£0.103m) totalling (£342,482m).

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	23.3	22.4	23.1
Women	24.4	24.3	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	23.6	-	-
Women	26.4	26.3	-	-
		%		%
Rate for discounting scheme liabilities	4.8	2.8	4.9	2.8
Rate of inflation - CPI	2.7	3.3	2.7	3.5
Rate of increase in salaries	4.2	4.8	-	-
Rate of increase in pensions	2.8	3.4	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)	47,621	98,455
Rate of inflation (increase or decrease by 0.25%)	97,198	147,963
Rate of increase in salaries (increase or decrease by 0.25%)	11,657	15,907
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(179,243)	(269,425)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	2022/23
	£'000
Longevity (increase or decrease by 1 year)	1,822
Rate of inflation (increase or decrease by 0.25%)	975
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(1,640)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	2021/22
	£'000
Longevity (increase or decrease by 1 year)	2,396
Rate of inflation (increase or decrease by 0.1%)	635
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(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	838,338
	Sub-total equities		**659,184**	**838,338**
Bonds	UK Government Indexed	Y	362,737	255,656
	Sterling Corporate Bonds	Y	168,027	154,052
	Sub-total bonds		**530,764**	**409,708**
Property	Property Funds	Y	124,414	137,224
	Sub-total property		**124,414**	**137,224**
Alternatives	Hedge Funds	Y	11,263	59,493
	Diversified Growth Funds	Y	118,972	189,443
	Infrastructure	Y	165,911	180,541
	Secured Income	Y	152,910	164,365
	EFT's	Y	45,276	36,803
	Private Debt	Y	45,200	14,113
	Sub-total alternatives		**539,531**	**644,758**
Cash and equivalents	Cash Accounts	Y	35,752	32,678
	Sub-total cash		**35,752**	**32,678**
Total Assets			**1,889,646**	**2,062,706**

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	(71,687)	83,816
(Increase)/decrease in debtors	(28,577)	(15,667)
(Increase)/decrease in inventories	24,622	(14,562)
Movement in pension liability	73,596	62,938
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	71,277	(86,651)
Net cash flows from non-cash movements	**209,011**	**176,672**

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	(34,659)	(29,332)
	(113,453)	**(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)	(133,000)
Purchase of short-term and long-term investments	(212,900)	(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	40,051	15,635
Proceeds from short-term and long-term investments	276,900	144,000
Other receipts from investing activities	72,000	75,005
Net cash flows from investing activities	**20,785**	**(83,070)**

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 two members have disclosed that a close family member is a Director of company which has a contract with the Council. The total value of the payment for these contracts during 2022–23 was £45k to Bristol Food Network and £6k to Therapy Space Bristol Ltd.

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 16.

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. £10.746m service concession contract
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.	None	N/A	Nil

	The company is currently dormant.			
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	BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and IIC Bristol Infrastructure Limited 80%. 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 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
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	35,816
Supervision and management		38,191	32,345
Special services		14,799	12,510
Rent, rates, taxes and other charges		625	662
Depreciation and impairment of non-current assets	**4**	32,250	34,032
Debt management		34	36
Debt write offs and movement in the allowance for bad debts		1,555	627
Total expenditure		**124,745**	**116,028**
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		**(127,180)**	**(123,025)**
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		**(2,435)**	**(6,997)**
Net cost of HRA services		(2,435)	(6,997)
(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		(3,266)	(288)
Pensions interest costs and expected return on assets	**5**	3,115	2,609
Capital Grants and Contributions Receivable		(2,247)	(477)
(Surplus) for the year on HRA services		**(1,720)**	**2,646**

Statement of movement on the HRA Balance

	Note	31 March 2023 Net £'000	31 March 2022 Net £'000
HRA balance brought forward		(102,231)	(98,441)
(Surplus) for the year on the HRA Income and Expenditure Account		(1,720)	2,646
Adjustments between accounting basis and funding basis under statute		4,501	(6,436)
(Increase) before reserve transfers		**2,781**	**(3,790)**
Net (increase) on HRA balance		**2,781**	**(3,790)**
HRA balance carried forward		**(99,450)**	**(102,231)**

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)	(33,562)
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	(12,920)	(12,243)
Net gain/(loss) on disposal of assets		7,443	2,602
Capital Grants and Other Contributions	6	2,247	477
		(34,586)	**(42,404)**
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
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		**4,502**	**(6,436)**

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, Revaluation losses 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
Total depreciation, Revaluation losses and impairment	**32,250**	**34,037**

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 £12.9m (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 34.

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	2021/22
	£'000	£'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 DLUCH	-	(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	2021/22
	£'000	£'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)
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	2021/22
	£'000	£'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
	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**
			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
455,427	(227,290)	228,137	People	485,446	(206,510)	278,936
216,334	(142,806)	73,528	Resources	206,090	(134,998)	71,092
253,301	(96,712)	156,589	Growth & Regeneration	310,607	(160,235)	150,372
116,028	(123,026)	(6,998)	Housing Revenue Account	124,744	(127,179)	(2,435)
228,592	(204,935)	23,657	Dedicated Schools Grant	241,116	(212,748)	28,368
16,968	(5,370)	11,598	Corporate Funding & Expenditure	6,619	(4,210)	2,409
1,286,650	**(800,139)**	**486,511**	**Cost of services (Note G2)**	**1,374,622**	**(845,880)**	**528,742**
		11,783	Other operating expenditure			11,316
		(50,351)	Financing and investment income and expenditure (Note G3)			118,844
		(433,931)	Taxation and non-specific grant income			(488,329)
		14,012	**(Surplus)Deficit on provision of services**			**170,573**
		(229,207)	Deficit on revaluation of Property, Plant and Equipment assets			(3,592)
		(142,789)	Remeasurement of the net defined benefit liability/asset			(780,979)
		-	Surplus/deficit on financial assets measured at fair value			-
		(371,996)	**Other comprehensive (income) and expenditure**			(784,571)
		(357,984)	**Total comprehensive (income) and expenditure**			**(613,998)**

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	97,790	651	98,441	104,554	11,296	3,080	481,272	1,254,239	1,735,511	(11,077)	1,724,434
Movement in Reserves during 2021/22																
Surplus or (deficit) on the provision of services		36,790	-	-	36,790	(2,647)	-	**(2,647)**	-	-	-	34,143	-	34,143	(48,155)	(14,012)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	**-**	-	-	-	-	373,092	373,092	(1,096)	371,996
Adjustments between group accounts and authority accounts		(55,207)	-	-	(55,207)	-	-	**-**	-	-	-	(55,207)	-	(55,207)	55,207	-
Total Comprehensive Expenditure and Income		**(18,417)**	**-**	**-**	**(18,417)**	**(2,647)**	**-**	**(2,647)**	**-**	**-**	**-**	**(21,064)**	**373,092**	**352,029**	**5,955**	**357,984**
Adjustments between accounting basis and funding basis under regulations	17	(26,370)	-	-	(26,370)	6,436	-	**6,436**	(3,695)	1,606	1,283	(20,740)	20,741	**-**	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(44,787)	-	-	(44,787)	3,789	-	3,789	(3,695)	1,606	1,283	(41,804)	393,833	352,029	5,955	357,984
Transfers to/(from) Earmarked Reserves	18	49,196	(47,272)	(1,924)	-	(4)	4	**-**	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2021/22		4,409	(47,272)	(1,924)	(44,787)	3,785	4	**3,789**	**(3,695)**	**1,606**	**1,283**	**(41,804)**	**393,833**	**352,029**	**5,955**	**357,984**
Balance at 31 March 2022 Carried Forward		**40,075**	**173,435**	**5,604**	**219,114**	**101,575**	**655**	**102,230**	**100,859**	**12,902**	**4,363**	**439,468**	**1,648,072**	**2,087,540**	**(5,122)**	**2,082,418**
Movement in Reserves during 2022/23																
Surplus or (deficit) on the provision of services		**(122,498)**	**-**	**-**	**(122,498)**	**1,720**	**-**	**1,720**	**-**	**-**	**-**	**(120,777)**	**-**	**(120,777)**	**(49,794)**	**(170,572)**
Other Comprehensive Expenditure and Income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**781,549**	**781,549**	**3,022**	**784,571**
Adjustments between group accounts and authority accounts		**(52,170)**	**-**	**-**	**(52,170)**	**-**	**-**	**-**	**-**	**-**	**-**	**(52,170)**	**-**	**(52,170)**	**52,170**	**-**
Total Comprehensive Expenditure and Income		**(174,668)**	**-**	**-**	**(174,668)**	**1,720**	**-**	**1,720**	**-**	**-**	**-**	**(172,948)**	**781,549**	**608,601**	**5,398**	**613,999**
Adjustments between accounting basis and funding basis under regulations	**17**	**114,863**	**-**	**-**	**114,863**	**(4,502)**	**-**	**(4,502)**	**4,109**	**(2,901)**	**2,768**	**114,337**	**(114,337)**	**-**	**-**	**-**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(59,805)**	**-**	**-**	**(59,805)**	**(2,781)**	**-**	**(2,781)**	**4,109**	**(2,901)**	**2,768**	**(58,610)**	**667,212**	**608,601**	**5,398**	**613,999**
Transfers to/(from) Earmarked Reserves	**18**	**49,257**	**(42,894)**	**(6,363)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/(Decrease) in 2022/23		**(10,548)**	**(42,894)**	**(6,363)**	**(59,805)**	**(2,781)**	**-**	**(2,781)**	**4,109**	**(2,901)**	**2,768**	**(58,610)**	**667,212**	**608,601**	**5,398**	**613,999**
Balance at 31 March 2023 Carried Forward		**29,527**	**130,541**	**(759)**	**159,309**	**98,795**	**655**	**99,450**	**104,967**	**10,001**	**7,131**	**380,855**	**2,315,284**	**2,696,139**	**276**	**2,696,416**

Group Consolidated Balance Sheet as at 31 March 2023

31-Mar-22		Note	31-Mar-23
£'000			£'000
3,055,966	Property, Plant & Equipment	-	3,084,472
215,256	Heritage Assets		215,256
14,991	Intangible Assets		10,859
356,640	Investment Property		282,169
48,848	Long Term Investments	G11	49,500
39,117	Long Term Debtors	G4	35,299
3,730,818	**Long Term Assets**		**3,677,555**
103,948	Short Term Investments	G11	30,343
26,998	Inventories		3,764
165,081	Short Term Debtors	G4	188,443
142,542	Cash and Cash Equivalents		93,509
806	Assets held for sale		1,232
440,336	**Current assets**		**317,291**
(19,709)	Cash and Cash Equivalents		(31,118)
(9,952)	Short Term Borrowing	G11	(4,764)
(274,806)	Short Term Creditors	G5	(216,731)
(13,349)	Provisions		(12,480)
(21,519)	Revenue grants received in advance		(13,115)
(66,341)	Capital grants received in advance		(36,334)
(405,676)	**Current liabilities**		**(314,542)**
(445,488)	Long Term Borrowing	G11	(445,488)
(15,505)	Provisions		(15,249)
(1,206,219)	Other Long Term Liabilities		(486,497)
(14,887)	Capital Grants Receipts in Advance		(36,653)
(1,682,099)	**Long term liabilities**		**(983,887)**
2,082,418	**Net assets**		**2,696,416**
(439,811)	Usable Reserves		(384,706)
(1,642,607)	Unusable Reserves	G6	(2,311,710)
(2,082,418)	**Total reserves**		**(2,696,416)**

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
(14,012)	Net surplus on the provision of services		(170,573)
227,719	Adjustment to net surplus on the provision of services for non-cash movements	G7	213,810
(74,954)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G7	(113,453)
138,753	Net cash flows from Operating Activities		(70,216)
(95,193)	Investing Activities	G8	19,301
(48,333)	Financing Activities	G9	(19,526)
(4,773)	Net increase (decrease) in Cash and Cash Equivalents		(70,442)
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**		**52,391**

Notes to the Group Accounts

G1 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 38).

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.

G2 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.

G3 Financing and Investment Income and Expenditure

	31 March 2023 £'000	31 March 2022 £'000
Interest payable and similar charges	38,907	27,761
Changes in the Fair Values of Financial Instruments	3,290	325
BHNL Disposal adjustment	(1,765)	
Pensions net interest cost	28,142	23,168
Interest receivable and similar income	(11,713)	(7,060)
Income and expenditure in relation to Investment Properties	(11,197)	(11,696)
Changes in fair value of Investment Properties	73,179	(82,849)
Total	**118,843**	**(50,351)**

G4 Current Debtors

Current debtors	31 March 2023 £'000	31 March 2022 £'000
Trade Receivables	31,882	32,785
Prepayments	9,210	8,471
VAT	12,502	11,462
Other	134,849	113,324
Total	**188,443**	**166,042**

Long-term debtors	31 March 2023 £'000	31 March 2022 £'000
Mortgages	190	190
Capital loans	48	2,419
South Gloucestershire Council	327	327
Former county Council debt	34,734	36,181
Total	**35,299**	**39,117**

G5 Creditors

Current liabilities	31 March 2023 £'000	31 March 2022 £'000
Trade Payables	35,506	20,174
Other Payables	151,627	176,735
Receipts In Advance	29,598	77,897
Total	**216,731**	**274,806**

G6 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	342,482	1,053,587
Collection Fund Adjustment Account	(3,492)	49,186
Accumulated Absences Account	9,436	10,108
Dedicated Schools Grant Adjustment Account	39,682	24,650
	(2,311,710)	**(1,642,607)**

G7 Cash Flow Statement

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

	2022/23 £'000	2021/22 £'000
Interest received	9,521	4,901
Interest paid	(37,470)	(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	101,774	113,050
Amortisation	5,126	5,946
Increase/(decrease) in impairment for bad debt	239	1,319
(Decrease)/increase in creditors	(71,012)	79,437
(Increase)/decrease in debtors	(24,981)	(19,113)
(Increase)/decrease in inventories	23,234	(14,567)
Movement in pension liability	74,199	64,364
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	35,131	29,293
Other non-cash items charged to the net surplus or deficit On the provision of services	70,100	(32,011)
Net cash flows from non-cash movements	**213,810**	**227,719**

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	(78,795)	(45,622)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(34,659)	(29,332)
	(113,453)	**(74,954)**

G8 Cash Flow Statement - Investing Activities

	2022/23 £'000	2021/22 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(157,274)	(135,197)
Purchase of short-term and long-term investments	(212,900)	(192,926)
Other (payments)/receipts for investing activities	(490)	(1,710)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	40,051	15,635
Proceeds from short-term and long-term investments	277,914	144,000
Other receipts from investing activities	72,000	75,005
Net cash flows from investing activities	**19,301**	**(95,193)**

G9 Cash flow Statement - Financing Activities

	2022/23 £'000	2021/22 £'000
Cash receipts of short- and long-term borrowing	1	(13,925)
Conversion of redeemable preference	-	(27,320)
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(9,272)	(9,018)
Repayments of short and long-term borrowing	(11,184)	(1,570)
Council tax and NNDR adjustments	929	3,500
Net cash flows from financing activities	**(19,526)**	**(48,333)**

G10 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			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		1	39,301	-	-	**39,301**
Managing Director	Apr' 22 – Jul' 22			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		1	129,819	-	-	**129,819**
Bristol Heat Networks							
Consulting Officer	Apr' 22 – Jan' 23			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			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).

G11 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	(100,724)	(107,884)	(7,160)	(6,786)
Creditors	(1,798)	(13,801)	(192,125)	(258,815)
Cash & Cash Equivalents		-	(31,117)	(19,450)
		-		-
Financial Liabilities at Fair Value through profit and loss		-		-
Financial Derivative		-		-
		-		-
Total Financial Liabilities	**(548,010)**	**(567,173)**	**(235,166)**	**(295,003)**
		-		-
		-		-
Financial Assets at amortised cost		-		-
Investments	-	-	46,408	138,046
Debtors	11,736	12,884	120,467	102,158
		-		-
Financial Assets at Fair Value through Other Comprehensive Income		-		-
Investments FV	350	350		-
Debtors		-		-
Financial Assets at Fair value through profit and loss		-		-
Investments	37,655	38,473	71,409	108,184
Total Financial Assets	**49,741**	**51,707**	**238,284**	**348,388**

Movements

The financial assets decreased by circa £107m 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 £72m relates to a reduction in the value of general creditors (£63m) 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
Cash & Cash Equivalents -Bank Overdraft	31,117	19,450
- 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	**35,882**	**29,402**

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	(36,993)	-	-	-	(37,723)
Total expense in Surplus or Deficit on the Provision of Services	**(36,993)**	**-**	**-**	**-**	**(37,723)**
Interest Income	-	6,343	-	1,851	8,924
Fair Value Movement	-	-	-	(3,290)	(3,290)
Dividend Income	-	-	-	2,368	2,368
Total income in Surplus or Deficit on the Provision of Services	**(36,993)**	**6,343**	**-**	**929**	**(29,721)**
Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net gain/(loss) for the year	**(36,993)**	**6,343**	**-**	**929**	**(29,721)**

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.

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						
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**	**-**	**38,006**	**108,184**	**-**	**38,822**
Investment properties	**-**	**282,169**	**-**	**-**	**356,640**	**-**
Surplus properties	**-**	**25,900**	**-**	**-**	**29,462**	**-**
Total recurring fair value measurements	**71,409**	**308,069**	**38,006**	**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 with no deduction, 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 2023 and refreshed by Council officers for this financial year on the same basis.	Calculations have been based on 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	(3,291)	(361)
included in Other Comprehensive Income and Expenditure	-	-
Total gains/(losses) for the period:	**(3,291)**	**(361)**
Additions	2,474	831
Disposals		(225)
Closing balance	**38,006**	**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 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	19,450	19,450
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
Service Concessions	107,884	136,963	114,670	166,960
Other	590	590	707	707
Total Liabilities	**589,348**	**604,970**	609,748	832,811

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 a 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 lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below 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	40,343	40,343	103,948	103,948
Cash and Cash Equivalents	6,065	6,065	34,098	34,098
Non-current investments	1	1	-	-
Non-current debtors	11,736	11,736	12,884	12,884
Total Financial Assets	**58,145**	**58,145**	**150,930**	**150,930**

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 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	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	-	31,117	-		19,709	
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**	**-**		**592,228**	
Financial Assets held at amortised cost						
Current Investments	-	**40,343**	-		103,948	
Cash and Cash Equivalents	-	**6,065**	-		34,098	
Non-current Investments	-	1	-		-	
Non-current Debtors	-	11,736	-		12,884	
Total	**-**	**58,145**	**-**		**150,929**	

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%	-	6
AA rated counterparties	20,077	0.02%	0.02%	4	3
A rated counterparties	15,696	0.05%	0.05%	7	20
Sub-total	**46,408**			**11**	**29**
Trade debtors	120,467			-	-
Non-current debtors	11,736			-	-
Total Financial assets	**178,611**			**11**	**29**

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 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**	**101,196**

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**	**105,933**

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	348,388
Between 1 and 2 years	314	314
Between 2 and 3 years	301	301
More than 3 years	49,126	51,092
Total	288,025	400,095

The maturity analysis of financial liabilities is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than 1 year	235,184	295,003
1 - 2 years	23,983	14,364
2 - 5 years	70,210	57,659
5 - 10 years	54,906	87,660
10+ years	398,894	407,490
Total	783,176	862,177

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.

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Date 25 March 2024

Dear Sirs

Bristol City Council
Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Bristol City Council and its subsidiary undertakings, Bristol Holding Limited, Bristol Waste Limited and Goram Homes Limited for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the group and Council financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of property, plant and equipment, the valuation of long-term investments and the valuation of the pension liability.. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process and decided there were no required changes. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the group and Council financial statements:
   a. there are no unrecorded liabilities, actual or contingent
   b. none of the assets of the [group and]Council has been assigned, pledged or mortgaged
   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. The prior period adjustments disclosed in Note [X] to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
   a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
   b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
   c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

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Denise Murray
Director of Finance
S151 Officer

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We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

xvi. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvii. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

xviii. We have considered whether the Council is required to reflect a liability in respect of equal pay claims within its financial statements. We confirm that we are satisfied that no liability needs to be recognised on the grounds that:
   a. A Collective Agreement was reached in May 2000 with the recognised trade unions as part of the Single Status Agenda.
   b. The Council has adopted the equality proofed National Joint Council (NJC) for Local Government's Job Evaluation Scheme which ensures that work of equal value is allocated to the same salary banding, progression within which is determined by performance. The scheme is regularly updated to comply with equal pay legislation
   c. The Council's Pay Policy Statement determines its approach to pay and the Remuneration Committee ensures the provisions set out in the statement are applied consistently throughout the Council.
   d. Roles and working arrangements whereby individuals or groups may work less time than their contracted hours do not exist in the Council as services where these practices might arise have been contracted out.

xix. We have considered the property portfolio of the Council with regard to Reinforced Autoclaved Aerated Concrete (RAAC). Our assessment is that there is no material impact on the valuation of any affected buildings included in the financial statements as at 31 March 2023.

Information Provided

xx. We have provided you with:
   a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
   b. additional information that you have requested from us for the purpose of your audit; and
   c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xxi. We have communicated to you all deficiencies in internal control of which management is aware.

xxii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxiii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxiv. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
   a. management;
   b. employees who have significant roles in internal control; or
   c. others where the fraud could have a material effect on the financial statements.

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xxv. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxvi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxvii. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxviii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxix. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxx. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 25 March 2024.

Yours faithfully

Name: Denise Murray
Position: Director of Finance/S151 Officer
Date: 25 March 2024

Name: Cllr Andrew Brown
Position: Chair of Audit Committee
Date: 25 March 2024

Signed on behalf of the Council

Finance
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The Audit Findings for Bristol City Council

Year ended 31 March 2023

Issued 18 March 2024

Contents

Your key Grant Thornton team members are:

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The Key Audit Partner(s) for Council's Material Subsidiaries is:

Paul Nott
Key Audit Partner
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit Committee.

Barrie Morris
For Grant Thornton UK LLP
Date: 18 March 2024

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Bristol City Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

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

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements [including the Annual Governance Statement (AGS) and Narrative Report], is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed remotely during November 2023 to March 2024. Our findings are summarised on pages 39 to 55. We have identified adjustments to the financial statements that have resulted in a £42.4m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix E. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix C. Our follow up of recommendations from the prior year's audit are detailed in Appendix D.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- finalisation of technical queries in relation to compliance with financial reporting requirements and the Code;
- Review of component auditor work (arranged for 20th March);
- final review of audit file by the audit manager, key audit partner, and engagement quality control reviewer;
- receipt of management representation letter; and
- review of the final set of financial statements

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

Our 2022/23 Value for Money assessment was undertaken in conjunction with our 2021/22 Assessment. The Auditor's Annual Report was presented in draft format on 24th July 2023 Audit Committee. This report will be finalised once the financial statements audit for 2022/23 has concluded. We identified significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weaknesses relate to the following:

- council's arrangements for securing financial sustainability into the medium-term financial plan;
- unsustainable current level spend of Adult Social Care; and
- contract management and procurement;

A further explanation of the significant weaknesses we have identified in the Council's arrangements is detailed on page 29 of this report, with fuller commentary included in our Annual Auditors' Report for 2022/23.

Statutory duties

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

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

An objection was received within the public inspection window. This objection was reviewed and accepted. Our work on the objection is in progress.

Under the Local Audit and Accountability Act 2014, a local elector has the right to inspect the accounts and books and records of the Council and write to that external auditor to ask questions about the accounts. They may also object to the Council's accounts asking that the auditor issue a report in the public interest [under section 24 and paragraph 1 of Schedule 7 of the Local Audit and Accountability Act 2014) or apply for a declaration that an item in the accounts is contrary to law. We received such one objection to the financial statements during the public inspection period for the 2022/23 accounts. Work on this is underway and we expect to certify the completion of the audit once our work on the objection has concluded.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see About time? (grantthornton.co.uk)

We would like to thank everyone at the Council for their support in working with us to complete this audit in timely and efficient way. We have seen massive improvement from the way the audit was prioritised in previous years which enabled us to complete this audit in a much shorter timeframe than previous periods. We, therefore, wanted to take this opportunity to acknowledge the hard work and commitment of finance and other colleagues within the Council for supporting the audit process and enabling the audit to be concluded, with the audit opinion expected to be shortly after the March 2024 Audit Committee.

National context – level of borrowing

All Councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. The use of borrowings to fund investment properties has not been an issue for Bristol City Council. Since 1 April 2008, they have prudentially borrowed £9.4m to acquire an investment property for regeneration purposes. Since then, the Council has not undertaken any further prudential borrowing to acquire investment properties.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group to assess the significance of each component to determine the planned audit response [Bristol Holdings Limited, BE2020 Limited (on-going liquidation), Bristol Waste Company Limited, Goram Homes Limited, Bristol Heat Networks Limited (sold 4th of January 2023). From this evaluation we determined that audit of gross expenditure of Bristol Waste Limited was required, which was completed by PwC.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 29th of January 2024, to reflect the change of our planned approach for Bristol Waste Limited. See page 8 for the updated group audit scope.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion shortly after the Audit Committee meeting on 25th of March 2024. These outstanding items include:

- finalisation of technical queries in relation to compliance with financial reporting requirements and the Code;
- Review of component auditor work (arranged for 20th March);
- final review of audit file by the audit manager, key audit partner, and engagement quality control reviewer;
- receipt of management representation letter; and
- review of the final set of financial statements

Acknowledgements

We would like to take this opportunity to record our appreciation for the hard work and assistance provided by the Finance Team and other staff within the Council to support the audit process. We have faced some challenges in obtaining sufficient, appropriate audit evidence during the course of the audit, such as for management's estimate of the council dwellings depreciation. However, we would like to highlight that these issues have reduced when compared to previous audits. This has been a challenging audit with an ambitious timeline but with the dedication and support of the finance team of the audit process, we have been able to achieve this.

We will continue to work proactively with the Council to address areas for improvement in order for the audit to be completed as efficiently as possible.

2. Financial Statements

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 29th of January 2024

We set out in this table our determination of materiality for Bristol City Council and group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	19,300,000	19,250,000	We considered material from the perspective of the users of financial statements. The Council prepares an expenditure-based budget for the financial year with the primary objective to provide services for the local community and therefore, gross expenditure at Net Cost of Services level was deemed as most appropriate benchmark. This benchmark was consistent with prior year. Recognising the size and scale of the Council and the level of public interest regarding these accounts, we deemed that 1.4% was an appropriate rate to apply to the expenditure benchmark. We also applied the same % to the Group.
Performance materiality	12,500,000	12,500,000	65% of materiality was deemed an appropriate level for performance materiality, reflecting our experience of auditing previous year's accounts.
Trivial matters	950,000	950,000	5% of materiality was deemed an appropriate level for triviality. We do not report anything below this figure.
Materiality for senior officer remuneration	None	20,000	We deemed senior officer remuneration as a specific sensitive area for the users of the accounts and have applied a lower materiality on the remuneration disclosure. This level applies to individual senior officer disclosures and not to the balance as a whole.

2. Financial Statements – Group audit scope and risk assessment

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Bristol City Council	Yes	Full scope UK statutory audit performed by Grant Thornton UK LLP	See risks identified on pages 9 to 17	Full scope audit performed by Grant Thornton UK LLP
Bristol Holdings Limited	No	Analytical procedures at group level	None identified.	Analytical review performed by Grant Thornton UK LLP
Bristol Waste Company Limited	No	Audit of one or more classes of transactions or account balances	None identified.	Review of Other Expenditure Testing Performed by the Component Auditor
Goram Homes Limited	No	Analytical procedures at group level	None identified.	Analytical review performed by Grant Thornton UK LLP
Bristol Heat Networks Limited (sold 4th January 2023)	No	Analytical procedures at group level	None identified	Analytical review performed by Grant Thornton UK LLP.

BE2020 Limited (formerly Bristol Energy Limited) is currently in the process of liquidating. We will not perform further procedure with regards to this component. This is also not consolidated in the Group Accounts.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

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2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk, which is one of the most significant assessed risks of material misstatement.	As part of our work we: • evaluated the design and implementation of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regards to corroborative evidence; • analysed whether there are transfers between the General Fund and HRA and inter group journals and tested them where identified; • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions; and • tested high value and unusual journals processed during the year and at the accounts production stage for appropriateness and corroboration. Our audit work, including our review of journal entries and the related control environment, has not identified instances of management override of controls. We identified one super user who can post journals and also heads the cash office. This is considered to be a segregation of duties conflict. Management reviewed this and revoked the access in May 2023. However, since this issue was in place during the period under audit, we continued to make recommendations to management to revisit access and ensure there is adequate segregation of duties. Refer to Appendix B for further detail.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
The revenue cycle includes fraudulent revenue transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of material fraud arising from revenue recognition can be rebutted because: • there is little incentive to manipulate revenue recognition; • the Council's revenue streams are non-complex in nature; and • the culture and ethical frameworks of local authorities, including Bristol City Council, mean that all forms of fraud are seen as unacceptable. There has been no change to this assessment since the considerations set out in our Audit Plan.
The revenue cycle includes fraudulent revenue transactions In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition for instance by deferring expenditure to a later period. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition.	We have determined that the risk of material fraud arising from expenditure recognition can be rebutted because, per Practice note 10, misstatements may arise where the audited body is under pressure to meet externally set targets. Our review has not identified indicators that a target-based environment exists at the Council. There has been no change to this assessment since the considerations set out in our Audit Plan.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our work, we have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the Council's valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and assumptions that underpin the valuation; • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and • engaged an auditor's expert to further challenge underlying assumptions and terms of engagement with the valuer. The Council's land and buildings were valued by the Council's internal valuer and a portion of the asset valuations were outsourced to an external valuer. We therefore undertook the processes above on both valuers used by the Council. We instructed our auditor's expert to review and comment on the valuation instruction process (i.e. terms of reference) and commentary on the valuation methodology and approach, resulting assumptions adopted and any other relevant points. A number of queries and challenges were raised for both the internal and external valuers used by the Council. We were able to obtain sufficient responses and further evidence where required from both valuers to satisfy us that the instruction process and overall valuation methodology and approach used were appropriate. We undertook detailed testing on a sample of assets where we considered, amongst other factors, assets where they have been significant changes in assumptions, assets where movements in valuation were not in line with our expectation or where we deemed assets to be large or unusual. Our detailed testing of these assets included recalculating valuer calculations, detailed testing of assumptions and source data (such as floor plans, pupil numbers, land size, price per acre, rental yields and income for carparks) and consideration of obsolescence. The assets were revalued as at 31 October 2022 and indexed to 31 March 2023, and we undertook detailed work to ensure the indexation process used by the valuer was appropriate. The indexation exercise carried out by the valuer also includes assets not formally revalued to which they have indexed it from last formal revaluation date. We have formed independent expectations to test the reasonableness of the adjustments processed and corroborate the valuer's opinion that the value at year end was materially correct. We have also engaged our experts to review the indices used by the valuer. Our work identified an issue with regards to incorrect income used for valuation of car parks. The total identified error is £2,952k. This is below our tolerance threshold, hence, we were able to satisfy ourselves that the valuation of land and buildings is materially correct as at 31 March 2023. Refer to Appendix D.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of council dwellings

The Authority revalues its council dwellings on an annual basis using a beacon approach. Each bacon is revalued as part of a five-year rolling programme, with a desktop exercise covering all remaining council dwelling assets. This valuation represents a significant estimate by management in the financial statements, due to the size of the values involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.

We therefore identified valuation of council dwellings as a significant risk, which was one of the most significant assessed risks of material misstatement.

In our audit plan, this was reported as part of the significant risk in valuation of land and buildings, but we have separated this in this section to detail the procedures we have performed and the findings from the work we have completed.

Commentary

As part of our work, we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the Council's valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and assumptions that underpin the valuation;
- tested revaluations made during the year to see if they had been input correctly into the Authority's asset register;
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and
- engaged an auditor's expert to further challenge underlying assumptions and terms of engagement with the valuer.

Our auditor's expert also reviewed the instructions and overall methodologies for the valuation of the Councils housing stock which was undertaken by the internal valuer. We were able to obtain sufficient responses from the valuer for the queries raised by our expert. The Council applies a Beacon Approach to its revaluation of Council dwellings, with 113 beacon properties of which 28 were formally revalued in 2022/23. The whole portfolio is revalued over a 5-year rolling period. For those beacon properties not formally revalued, indices are applied by the valuer. The valuation is undertaken as at 1 October 2022 and the whole portfolio is uplifted using indices to the 31 March 2023.

Our review included understanding the Council's approach to the Beacon valuations and selecting a sample of beacons and properties to test to ensure the beacon valuations were reasonable in comparison to compare properties being marketed for sale as well as completing the same review for individual asset valuations.

We identified issues in terms of the beacon identification process of the Council wherein an incorrect beacon was selected as a representative for the beacon group. Based on further procedures we have performed, we have identified the error to be £4,586k understatement in the Council Dwelling valuation. This is below our tolerance threshold, hence, we were able to satisfy ourselves that the valuation of land and buildings is materially correct as at 31 March 2023. Refer to Appendix D for details.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of investment properties The Authority is required to revalue its investment properties at fair value on an annual basis at 31 March. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of investment property, as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our work, we have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • discussed with the valuer the basis on which the valuations were carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; and • engaged an auditor's expert to support our response to the valuation of investment properties. Majority of the Council's investment properties were valued by external valuers (Avison Young) and the remaining properties are indexed by the internal valuer. We therefore also undertook the processes above on both valuers used by the Council. We instructed our auditors expert to review and comment on the valuation instruction process (i.e. terms of reference) and commentary on the valuation methodology and approach, resulting assumptions adopted and any other relevant points. A number of queries and challenges were raised for both the internal and external valuers used by the Council. We were able to obtain sufficient responses and further evidence where required from both valuers to satisfy us that the instruction process and overall valuation methodology and approach used were appropriate for investment properties. We selected a sample of investment properties for detailed testing including individually significant properties, those where the value is outside of our expectation and a sample of those where the value is in line with expectation. Our testing covered properties within industrial, office and retail sectors. Our detailed testing included testing of the key assumptions and source data and review of the indexation process from the valuation date (1 October 2022) to year end. We have also reviewed the indexation exercise carried out by the internal valuer for some of the investment properties from 1 October 2021 (last valuation date) to 1 October 2022. We have also reviewed those investment properties carried at nil value and those that has not changed year on year to ensure that this is appropriate, and that the Council has revalued (either formally or through indexation exercise) all of its investment properties in line with the requirements of the Code. Our work identified that an incorrect site area was used for one of the investment properties. The actual error is an understatement of the investment property by £2,475k. Based on our communication with the external valuers, this was identified during remeasurements in 2023/24 valuations and was subsequently corrected. We have performed additional procedure to gain assurance that this is an isolated error. As this is below our tolerance threshold, we were able to satisfy ourselves that the valuation of investment properties is materially correct as at 31 March 2023. Refer to Appendix D.

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2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of Investment in First Corporate Shipping Limited The Authority holds material long term investments in its balance sheet. These include the estimated valuation an unquoted equity investment. These investments are by their nature hard to value estimates, and management have estimated their value based on a range of estimation techniques. We have identified the valuation of the Authority's long term unquoted investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our work, we have: • discussed the valuation techniques adopted with management and obtained their calculations for the valuation of the unquoted equity investments; • verified the accuracy of the source data and reperformed the calculations carried out by the management; • gained comfort over some of the assumptions used by the management such as dividend projections; • engaged our internal valuations experts to review management's estimates and to provide us with assurance over the valuation of the Authority's unquoted equity investments. It was agreed with the Council that they would engage an expert to support the valuation of the Port Authority on a cyclical basis with this last completed in 2021/22. Therefore in 2022/23, the finance team had refreshed the calculation based on current and relevant information. We have engaged our internal valuations expert to review management's estimates and were provided with a number of follow up queries and clarification points which we have shared with the finance team for comment. Our expert concluded that based on the procedures associated with their review of the valuation prepared by management, our experts understanding of the industry and discussions with management, it is not unreasonable to rely on the expert's valuation in recording the fair value of the investment as at 31 March 2023. Dividend projection is one of the key assumptions in the calculation of the valuation of the investment. This is based on the information provided by First Corporate Shipping Limited. We have performed sensitivity analysis based on reasonably possible changes on this assumption. We have used 13% based on historical comparison of projection and actual dividend received. We have identified change of £2.8m if the projection changes by +-13% and £4.8m if the dividend is consistent with the latest actual dividend received. As this is below our tolerance threshold, we were satisfied that the valuation is materially accurate as at 31 March 2023.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£342.4m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular, the discount and inflation rate. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation, which was one of the most significant assessed risks of material misstatement.

Commentary

As part of our work, we have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Avon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

In 2020/21 the Council made an upfront payment of deficit contributions for the three years 2020/21 - 2022/23 totalling £20.43 million. The payment was made in April 2020 and gives the Council an overall saving of £1.295 million). We reviewed the supporting documentation for this up-front payment and the accounting treatment in the Statement of Accounts and were able to conclude this has been appropriately accounted for in 2020/21.

We did identify two areas for recommendations to the Council:

- we recommend that the Council includes additional narrative to explain to readers that the up-front payment leads to temporary imbalance between the net pension liability and the pensions reserve, and that the payment will be released to the pension reserve over the respective three-year period
- it is deemed good practice for significant transactions, such as the above, are reported to members in advance of their undertaking and, therefore, we recommend this is done for any future up-front payments.

We are pleased to report that both of these recommendations have been actioned by the council.

As the triennial valuation was undertaken as at 31 March 2022, and published as at 31 March 2023, which was completed after the 2022/23 IAS 19 report of the Council was issued, management commissioned a revised IAS 19 reports to reflect the position of the Fund after triennial valuation. Management have adjusted their financial statements to reflect the amended disclosures. Refer to Appendix D for the details of audit adjustments.

The Pension Fund Auditor (PFA) reported an unadjusted error of £14.572m relating to estimation difference identified in the valuation of Level 3 Investments. The investments were understated, and the proportion relating to the Council is approximately £5.115m, representing 35.1%, which is the BCC employer's share of the assets of the Fund. Given the PFA has reported that this difference identified was due to more up to date information being available at time of the audit, we are satisfied that the value of assets used were appropriate at the time of the preparation of the IAS 19 report.

Overall, we were able to conclude that the valuation of the net pension fund liability is materially accurate as at 31 March 2023.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
IFRS 16 implementation • Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. If management elect to implement IFRS 16 from April 2023 (early adoption) then in 2022/23 accounts as a minimum, we expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts	Note 2 of the accounts include the following disclosure: 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). The authority is implementing IFRS 16 in FY 2024/25, and the assessment of IFRS 16 has not yet been conducted. Other than IFRS 16, none of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.	The disclosure in the accounts meets the requirements we would expect in order to comply with the requirement of IAS 8 para 31. The original implementation date for IFRS 16 of 1 April 2020 was deferred due to the Covid -19 pandemic.

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2. Financial Statements: new issues and risks

Issue	Commentary
Measurement of Infrastructure Assets • The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. Depreciation depends upon the use of appropriate useful economic lives. • The update to the Code (November 2022) provides a temporary relief from the requirement to report the gross book value and accumulated depreciation for infrastructure assets, because historical information deficits mean that this information is unlikely to faithfully represent the asset position. • An amendment to the Local Authority Capital and Finance regulations (SI 2022 No 1232) permits Local Authorities when derecognising components of infrastructure assets, replaced by expenditure on existing assets, to determine the relevant amount to be nil. • Bristol City Council has material infrastructure assets, at net value basis, there is therefore a potential risk of material misstatement related to the infrastructure balance.	The inherent risks which we identified in relation to infrastructure assets were: • a normal risk of the overstatement of Gross Book Value and accumulated depreciation figures, due to lack of derecognition of replaced components; and • a normal risk of understatement of accumulated depreciation and impairment as a result of failure to identify and account for impairment of infrastructure assets and an over or understatement of cumulative depreciation as a result of the use of inappropriate useful economic lives (UELs) in calculating depreciation charges. We have been working with CIPFA and the Government to find both long-term and short-term solutions which recognise the information deficits and permit full compliance with the CIPFA Code. It has been recognised that longer-term solutions, by way of a Code update, will take several years to put into place and so short-term solutions are being put in place in the interim. These short-term solutions include the issue of a Statutory Instrument (SI) by Government. The English SI was laid before Parliament on 30 November 2022 and came into force on 25 December 2022. CIPFA issued an update to the Code for infrastructure assets in November 2022 and has issued further guidance in January 2023 in relation to useful economic lives (UELs). The English SI includes two key elements: • the local authority is not required to make any prior period adjustments (PPAs) in respect of infrastructure assets. • where a local authority replaces a component of an infrastructure asset the carrying amount to be derecognised can be determined as nil or calculated in accordance with normal accounting practices specified in the CIPFA Code. This has meant that the only remaining risks relates to the accuracy of in year depreciation and accuracy of any impairment consideration where relevant. The Council has updated its accounts to reflect the updated disclosure requirements as Infrastructure assets are now only required to be disclosed on a net book value basis. We have completed the following work focusing on the Council's current year's infrastructure assets: • reviewed and challenged the arrangements that the Council has in place around impairment of infrastructure assets; • evaluated management's processes and assumptions for the calculation of the estimate including review of in-year depreciation and associated UELs; and • reviewed the sufficiency of the disclosure against the requirement of the Code. We have identified several issues relating to Infrastructure assets. The Council has used a long useful life for a number of infrastructure assets, which produces a lower-than-expected depreciation charge. We also identified that the depreciation charge is only allocated to one asset in the asset register rather than being allocated across all of the individual infrastructure assets. Finally, we identified that the overall depreciation charged in 2022/23 was outside of the range we determined using standard lives provided by CIPFA. Our review identified that the Council's depreciation charge was outside of the range by £1.4m and differed to the midpoint of the range by £4.0m. While neither of these values is material, we have raised recommendations relating to infrastructure lives in Appendix B. Additional disclosures were made to ensure it meets the minimum required disclosure as per the SI and the Code. Our work has been concluded and we are satisfied that the estimate is not materially misstated.

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2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £694.3m	Other land and buildings comprises £508m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£186m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged both Avison Young and internal valuers to complete the valuation of properties as at 01 October 2022 on a five yearly cyclical basis. 81% of total assets were revalued during 2022/23. The assets were revalued as at 1 October 2022 and indexed to 31 March 2023. Assets not revalued were indexed from the date of last revaluation to 31 March 2023. We have carried out a review of the work to ensure the indexation processed of the valuer is appropriate and the indices used are reasonable. We have engaged our expert to support us in reviewing this. The total year end valuation of land and buildings was £694.3m, a net increase of £27.2m from 2021/22 (£667.1m).	We have carried out the following work in relation to this estimate: • assessed management's expert to ensure suitably qualified and independent; • assessed the completeness and accuracy of the underlying information used to determine the estimate; • confirmed there were no changes to valuation method; • assessed the consistency of the estimate against near neighbours and using the Auditor's expert report; • assessed the adequacy of disclosure of the estimate in the financial statements; and • engaged an auditor expert to further challenge underlying assumptions and terms of engagement with the valuer. Our audit work had not identified any significant issues with regards to this accounting estimate.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Buildings – Council Housing - £1,934.3m	The Council owns 26,687 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged its internal valuers to complete the valuation of these properties. The year end valuation of Council Housing was £1,934.4m, a net decrease of £10.9m from 2021/22 (£1,945.2m).	We considered the competence, qualifications and independence of management's valuation experts and used our own valuation expert to review the relevant terms of reference and valuation report and identified no issues. We confirmed that the information used by the valuer was complete and accurate and that the Beacons used in the valuation process were appropriate and consistent. We challenged the indices used in the valuation process, with the assistance of our auditor's expert, and also corroborated the valuation of beacons valued in year to market data and were satisfied with the results. We identified issues in terms of the beacon identification process of the Council wherein an incorrect beacon was selected as a representative for the beacon group. Based on further procedures we have performed, we have identified the error to be £4,586k understatement in the Council Dwelling valuation. This is below our tolerance threshold, hence, we were able to satisfy ourselves that the valuation of land and buildings is materially correct as at 31 March 2023. Refer to Appendix D for details.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

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Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment Property Valuation - £282.2m	The Authority is required to revalue its investment properties at fair value on an annual basis. The Council has engaged Avison Young to revalue majority of its investment portfolio as at 1 October 2022. The rest of the portfolio is indexed by the internal valuer from 1 October 2021 to 1 October 2022. The internal valuer also indexed the investment properties from 1 October 2022 (valuation date) to 31 March 2023 (reporting date). The total year-end valuation of investment property is £282.2m, a net decrease of £74.4m from 2021/22 (£356.6m).	We have carried out the following work in relation to this estimate: • assessed management's expert to ensure suitably qualified and independent; • assessed the completeness and accuracy of the underlying information used to determine the estimate; • confirmed there were no changes to valuation method; • assessed the consistency of the estimate against near neighbours and using the Auditor's expert report; • assessed the adequacy of disclosure of the estimate in the financial statements; and • engaged an auditor expert to further challenge underlying assumptions and terms of engagement with the valuer. Our audit work had not identified any significant issues with regards to this accounting estimate.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate

Net pension liability – £342.4m

Summary of management's approach

The Council's total net pension liability at 31 March 2023 is £342.4m (PY £1,046.7m) comprising the Avon Pension Fund Local Government and unfunded defined benefit pension scheme obligations. The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.

The latest full actuarial valuation was completed on 31 March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £766m net actuarial loss during 2022/23.

Audit Comments

We have carried out the following work in relation to this estimate;

- assessed management's expert to ensure suitably qualified and independent;
- assessed the actuary's roll forward approach taken;
- used PwC as auditor's expert to assess the actuary and assumptions made by actuary. The table summarises where Bristol City Council fall in the acceptable ranges set out by PwC:

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.8%	4.7% - 4.9%	✓
Pension increase rate	2.8%	2.8%	✓
Salary growth	4.2%	3.2% - 5.2%	✓
Life expectancy – Males currently aged 45 / 65	23.7 / 22.4 years	22.4 - 24.3 / 21.0 - 22.6 years	✓
Life expectancy – Females currently aged 45 / 65	26.4 / 24.4 years	25.3 - 26.6 / 23.5 - 24.7 years	✓

We have gained assurance over the completeness and accuracy of the underlying information used to determine the estimate.

We have also gained assurance over the reasonableness of the Council's share of Avon Pension Fund's pension assets, and we have reviewed the adequacy of disclosure of the estimate in the financial statements

As discussed in page 15, the Pension Fund Auditor reported £14.572m understatement in investment assets. Share of the Authority of this is £5.115m. Since this is below our tolerance threshold, we were able to conclude that the estimate of the Net pension liability is materially accurate as at 31 March 2023.

Assessment

We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for NNDR appeals - £24.5m	The Council is responsible for repaying a proportion of successful rateable value appeals. Management's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and success rates based on historical information.	Management calculate the percentage success rate of appeals based upon the number of appeals. We reviewed the VOA data which highlighted that higher value appeals appeared to have a higher success rate. As such, we recalculated a success percentage based upon the value of successful appeals, rather than the number of successful appeals, which resulted in a difference of £124k, which was not considered material to the estimate. We were able to satisfy ourselves that the estimate for Provision for NNDR appeals is materially accurate as at 31 March 2023.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.
Council Dwelling Depreciation- £29.7m	The Council determine its council dwelling depreciation by estimating the cost per year to replace a component and building from this information to determine the annual depreciation. The value of Council Dwelling Depreciation is $29.7m, a net decrease if £0.5m from 2021/22 (£30.2m)	We have selected samples to test the reasonableness of the management estimate however, management struggle to provide the evidence used in determining their estimate at that point in time. As we have identified various differences in our testing, we have had to carry out additional procedures to gain assurance over the balance. We have formed an expectation based on the acceptable useful lives as per CIPFA and compared this to the council dwelling depreciation determined by the management. Management's estimate is within range, albeit towards the lower range. Overall, we were able to satisfy ourselves that the estimate for Council Dwellings depreciation is materially accurate as at 31 March 2023.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £17.5m	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £17.521m, a net increase of £3.910m from 2021/22	We have carried out the following work in relation to this estimate: • we recalculated the Council's MRP using the Council's methodology and our calculation was in line with the Council's; • confirmed the MRP meets the requirements as set out in regulations and statutory guidance; • considered the voluntary set aside made by the Council and concluded it had been appropriately made; and • confirmed the Council's MRP to Capital Financing requirement and Debt to Capital Financing requirements are appropriate.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.
Unquoted Equity Investment in First Corporate Shipping Ltd - £24m	The Council has an investment in First Corporate Shipping Limited (trading as The Bristol Port Company) that is valued on the Balance Sheet at 31 March 2023 at £24m. The investments are not traded in an open exchange/market and the valuation of the investments is subjective. The value of the investment was calculated by the management as at 31 March 2023.	We have commissioned our internal Grant Thornton valuation specialists to support us with gaining assurance over the valuation of the Bristol Port Company as at 31 March 2023. We also carried out the following work in relation to this estimate: • checked the mathematical accuracy of the calculation; • checked the accuracy of the source data; • gained assurance over the current and projected dividends; and • performed sensitivity analysis over the projected dividends. Refer to page 14 for further information. We have been able to conclude that the valuation is materially correct.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

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Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

			ITGC control area rating			
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Agresso	Roll forward ITGC assessment (design effectiveness only)	🟡	🟡	⚫	⚫	None
Civica	Roll forward ITGC assessment (design effectiveness only)	🟢	🟢	⚫	⚫	None
Northgate	Roll forward ITGC assessment (design effectiveness only)	🟡	🟡	⚫	⚫	None
iTrent	Roll forward ITGC assessment (design effectiveness only)	🟡	🟡	⚫	⚫	None

Assessment

- 🔴 Significant deficiencies identified in IT controls relevant to the audit of financial statements
- 🟡 Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- 🟢 IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ⚫ Not in scope for testing

2. Financial Statements: other communication requirements

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

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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the Group, equal pay liabilities and Reinforced autoclaved aerated concrete (RAAC).
Confirmation requests from third parties	We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted, and the requests were sent. All confirmations were received with no issues noted. We requested from management permission to send confirmation requests to the pension fund auditor. This permission was granted, and the requests were sent. We have received the pension fund auditor's letter of assurance, and no issues were noted that impacted on our pension liability work.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements

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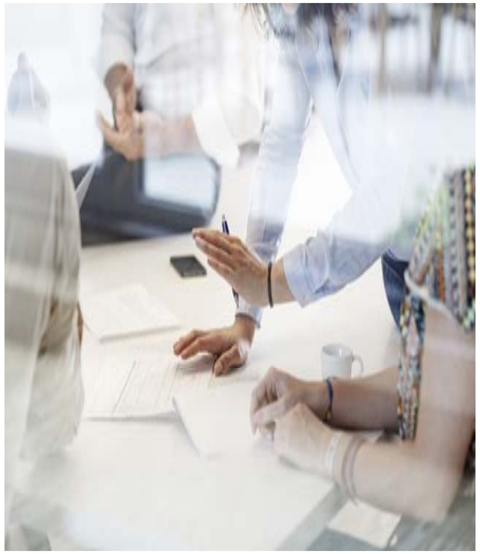
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Inconsistencies have been identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. We identified and reported significant weaknesses in the areas of governance and financial sustainability as part of our value for money work, assessing the council's arrangements for securing economy, efficiency and effectiveness in the use of its resources. These are detailed in the Annual Audit Report presented to the Audit Committee in July 2023.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Council does not exceed the threshold no detailed work is required.
Certification of the closure of the audit	We intend to certify the closure of the 2022/23 audit of Bristol City Council once we have completed our work relating to the Bristol City Council Objection received during the 2022/23 window period.



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the Audit Committee in July 2023..

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The risks we identified are detailed in the table below, along with the further procedures we performed and our conclusions. We identified significant weaknesses in the Council's arrangements and so were not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our auditor's report will make reference to this significant weakness in arrangements, as required by the Code.

Risk of significant weakness	Procedures undertaken	Conclusion
The Council's arrangements for securing financial sustainability into the medium term The Council set a balanced budget for 2021/22, but the longer-term picture looks more challenging with a £37.535m gap identified over the Medium-Term Financial Plan period to 2027/28. There is a risk that medium term financial plans are not sufficiently developed to close the funding gap, which in turn could impact on the council's ability to deliver services. Due to the inherent uncertainty, we have concluded that there is a significant risk of weakness in arrangements for delivering financial sustainability.	We reviewed the arrangements for: • the Council's arrangements for identifying and monitoring risks to financial delivery; • the robustness of the council's medium term financial strategy and savings plans; and • level and use of reserves.	We have identified two (2) significant weaknesses in arrangements for 2022/23 and raised three (3) key recommendations.
The current level of spend on Adult Social Care and Children's Social Care is unsustainable Value for Money work in 2020/21 identified that Bristol City has one of the highest Adult social care costs for Authorities of a comparable size. There is a risk that with the costs remaining as they are the spend will be unsustainable and will contribute to further financial pressures on the Council's medium-term finances.	We reviewed the arrangements for: • the Council's social care transformation programme; • plans to tackle the historic cost pressures; • monitoring spend against budget; and • reviewing and amending the medium-term financial plan in light of the economic climate.	As above
Contract management and procurement In 2021/22 and 2022/23, the number and value of contract breaches has increased since 2020/21 and remained high. Whilst actions have been introduced to reduce the contract breaches, these actions have not reduced the number or value of breaches in 2022/23. The breaches are predominantly due to failure to comply with the Council's internal procedures to gain authorisation as to why market testing has not been pursued and not the public contract regulations 2015. This risk was not originally communicated in either the Audit Plan or the Auditor's Annual Report, as it was identified late on in our VFM process.	We followed up an improvement recommendation previously raised in our 2020/21 assessment. Our follow-up review identified that the number of procurement breaches had continued to increase.	We have identified a significant weakness in arrangements for 2022/23 and raised a key recommendation.

3. VFM: our procedures and conclusions

Risk of significant weakness	Procedures undertaken	Conclusion
Setting and managing capital budgets The annual capital budgets did not reflect actual spend in 2020/21 leading to an improvement recommendation in the Auditor's Annual Report. In 2021/22, the economic climate has led to significant fluctuations in the cost of construction. As a result, the Council is reviewing all projects for feasibility. As a result of these factors, there is a risk that the Council's is unable to effectively manage its capital budgets.	We reviewed the Council's arrangements for setting, monitoring its capital budgets in 2021/22 and 2022/23. We also considered any changes made since the improvement recommendation relating to the Bristol Beacon was issued in our 2020/21 VfM report.	We have not identified any significant weaknesses in arrangements for 2022/23 but we have raised two (2) improvement recommendations.
Governance arrangements, how the Council ensures it makes informed decisions for its companies and for key decisions relating to high profile transactions	We reviewed the arrangements for: • the governance arrangements over changes to the Council's group structure; • procurement processes; and • the key decision in relation to City Leap	We have not identified any significant weaknesses in arrangements for 2022/23 but we have raised two (2) improvement recommendations.

4. Other statutory powers and duties

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

Issue	Commentary
Objection	An objection was made by a local elector on 10 July 2023. This was within the public inspection period and was therefore considered for acceptance. The objection was accepted on 25th July 2023. Work on the objection is underway.

5. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

5. Independence and ethics

Audit and non-audit services

For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The following non-audit services were identified which were charged from the beginning of the financial year to March 2024, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant	£10,000 (2022/23) £10,000 (2021/22)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £268,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teacher's Pension Return	£10,000 (2022/23) £10,000 (2021/22)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £268,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim	£44,850 (2022/23) £42,198 (2021/22)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £44,850 in comparison to the total fee for the audit of £268,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

5. Independence and ethics

Audit and non-audit services (continued)

Service	Fees £	Threats identified	Safeguards
Audit related			
Agreed procedures on behalf of Homes England	£6,000 (2021/22) £6,000 (2022/23)	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,000 in comparison to the total fee for the audit of £268,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
CFO Insights Subscription	£34,000	Self-Interest (because this is a recurring fee) Management Self-review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £34,000 in comparison to the total fee for the audit of £268,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. We are not taking any managerial responsibilities at the client. The scope of work does not include making decisions on behalf of the management. No significant self-review threat. The audit will consider the accounting treatment of the payments made and this is not part of CFOi service, The work will be undertaken by a team independent to the audit team

These services are consistent with the group's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees.

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5. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Company that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified 10 recommendations for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2023/24. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	We experienced difficulties obtaining evidence to support management's estimate of HRA deprecation. We have had to carry out additional procedures to gain assurance over the balance.	We continue to recommend that management should have a robust process in place in determining the estimate for HRA depreciation and they should be able to retain their evidence used to support their calculation at the time oi estimation. **Management response** When depreciation is calculated, the evidence in the form of valuations and invoicing is now extracted and is to be stored for external auditing purposes.
Medium	The Council still did not have a formal cybersecurity framework in place during 2022/23. We deemed that having no framework in place creates a risk for systems to be compromised including finance systems.	While we did not identify any breaches of the council's systems during the year, we continue to recommend that management should ensure a formal cybersecurity framework is in place. **Management response** The Council's information assurance officer is to implement a cyber security framework and this is expected to be completed in the 2023/24 financial year.
Medium	We have identified a segregation of duties conflict within the finance system. One council employee has been granted with system access which enables him to have the same privileges as super user and also heads the cash office with financial responsibilities.	We continue to recommend that management should revisit access to ensure that there is adequate segregation of duties between those with administration rights and those who use the journals system. **Management response** This issue was brought to our attention at the conclusion of the 2020/21 audit. (Audit Findings Report to Audit Committee in May 23). The super user access was revoked at this point.
Low	Based on the review of our auditor's expert of the terms of engagement of the Council and its internal valuer, the Basis (es) of value adopted is not covered within the document in line with the requirements of RICS Valuation - Global Standards	The Council and its internal valuer should ensure all requirements of RICS guidance are followed in the terms of engagement. **Management response** The internal valuer (being the Valuation and Business Rates Team Manager) has reviewed this and have agreed the required element to be included in the Terms of engagement moving forward.

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Key

- High – Significant effect on financial statements or the underlying control environment
- Medium – Limited Effect on financial statements or the underlying control environment
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
	Based on the IT audit work completed, we have identified the following findings: • Weak password configuration settings for i-Trent; and • Lack of process for proactively reviewing IT service provider assurance reports. This creates a risk for unauthorised or inappropriate changes to the applications. Detailed recommendations are provided via the IT audit report.	The Council should ensure they review these findings. Detailed recommendations are provided via the IT audit report. We acknowledge that management has made good progress on the recommendations, which were first raised in 2021/22. The items to the left were outstanding at the time of our IT audit work. Management have asserted that these have now been actioned. Management response Following the 2021/22 Audit Report the findings have been actioned and at a minimum, multiple levels of security has been implemented
	We identified reconciling items in our bank reconciliation testing that relates to previous period. Management and stated that this has not been actioned due to staff shortages and sickness leave during the audit. Also, there are still reconciling items that are not true reconciling items included in the bank reconciliation. This issue has been noted also in 2020/21 and 2021/22.	We continue to recommend that the Council should review their bank reconciliation and ensure that only proper reconciling items are included and also review long outstanding reconciling items even where these are low in value. We recognise that management has taken steps to address this and were able to address the number of reconciling items. There were however a number of long-standing items which remained. Management response Staff resources have been assigned to Financial Planning and Reporting team alongside co-ordination with the Business Support Services support manager and have a plan in place to complete and clear items before 31 March 2024.
	The Council insured the repairable sums [indemnity amount] of its heritage assets again in 2022/23, with no additional insurance cover taken out for one of the Council's heritage assets.	Management should ensure that all heritage asset values are included in the next insurance valuation taken. Management response The asset has been correctly valued and recorded in the Council's accounts and is backed for insurance purposes by an indemnity provided by the Arts Council. A management decision has agreed to insure to the value of the repair of the asset.

Key

- High – Significant effect on financial statements or the underlying control environment
- Medium – Limited Effect on financial statements or the underlying control environment
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	We have identified several issues relating to Infrastructure assets. The council has used a large useful life for a number of infrastructure assets, which produces a lower than expected depreciation charge. We also identified that the depreciation charge is only allocated to one asset in the asset register. Finally, we identified that the overall depreciation charged in 2021/22 was outside of the range we determined using standard lives provided by CIPFA. Our review identified that the council's depreciation charge was outside of the range by £1.4m and differed to the midpoint of the range by £4.0m. This creates a risk that the depreciation charge can be materially misstated.	We continue to recommend to the Council that they review the useful lives of infrastructure assets. **Management response** The Council's Capital and Investments Manager will review the treatment of the Highways Network assets with the Head of City Transport and other relevant asset with relevant managers in accordance with the latest guidance and accountancy codes as they are updated. The review will be completed within the Financial Year 2024-25
Medium	Due to the way that the Council operates its financial ledger, it is not possible to produce a listing that only exclusively details year end debtor and creditor balances. As a result, the listing contains opening balances carried forward from the prior year as well as in-year movements. This has resulted in significant additional audit team and management resource during the previous five years audits. Whilst there are improvements during the year, the audit process can be more efficient if cleansed transaction listing is readily available. We acknowledge the progress management have made to date on this recommendation which has improved the experience of auditing this balance compared to the prior period.	The Council should undertake a detailed review of its financial ledger coding to ensure that year-end transactional listings can be produced for year end balances such as debtors and creditors and these should be provided as a routine working paper at the start of future annual financial statements audits. **Management response** Improvements have been made by the Agresso Systems team to create new transaction type reports to identify in year and prior year postings. The coding and format is complete for financial year 2023/24.
Low	To simplify the Expenditure and Funding Analysis (EFA) note, the client eliminated the 1st and 2nd columns, namely Revised Outturn and Adjustment EFA (Note 1). Whilst this is in line with the requirements of the Code re EFA, para 3.1.1.14 of the Code also recommends that local authorities should cross-refer to the outturn provided in the expenditure and funding analysis.	Management should consider this recommendation in the Code and should be able to demonstrate how the outturn reconciles to the EFA. **Management response** The Council has considered the recommendations of the Code, and looked at how other local authorities present this note to the accounts. The conclusion was that the three-column presentation, widely used by other authorities, provided greater clarity for the reader of the accounts.

Key

- High – Significant effect on financial statements or the underlying control environment
- Medium – Limited Effect on financial statements or the underlying control environment
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Bristol City Council's 2021/22 financial statements, which resulted in 12 recommendations being reported in our 2022/23 Audit Findings report.

We have followed up on the implementation of our recommendations and note 8 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	We have identified a segregation of duties conflict within the finance system. One council employee has been granted with system access which enables him to have the same privileges as super user and also heads the cash office with financial responsibilities. We have recommended to the management that they should revisit this access to ensure that there is adequate segregation of duties between those with administration rights and those who use the journals system.	The issues was brought to the attention of the management at the conclusion of the 2020/21 audit (Audit Findings Report to Audit Committee in May 2023). The super user access was revoked at this point. However, this remains an issue for the period under audit. We have again made a recommendation relating to this in 2022/23 – see Appendix B.
X	The Council did not have a formal cybersecurity framework in place to during 2021/22. We deemed that having no framework in place creates a risk for systems to be compromised including finance systems. We have recommended to the management that they should ensure a formal cybersecurity framework is in place.	There is still no formal Cybersecurity Framework in place within the Council. We have again made a recommendation relating to this in 2022/23 – see Appendix B.
Partially	Based on the review of our auditor's expert of the terms of engagement of the Council and its internal valuer, the following elements are not covered within the document in line with the requirements of RICS Valuation - Global Standards: Valuation (financial currency), Basis (es) of value adopted, Nature and extent of valuer's work, nature and sources of information, All assumption and special assumptions to be made, Firm's complaints handling procedures, and statement of compliance. We have recommended to the management and its internal valuer that they should ensure all requirements of RICS is followed in the terms of engagement	All apart from Basis (es) of value adopted has been included in the 2022/23 Terms of Engagement with the Internal Valuer. We made continued recommendation in 2022/23 relating to this element – see Appendix B.
✓	We identified a sample in our PPE disposal testing where the completion of property transfer was completed in 2020/21 but was only derecognised in the fixed asset register in 2021/22. We have recommended to the management that all disposals should be properly accounted for in the correct period.	This finding was remediated in 2022/23. No issues identified with regards to our disposal testing.

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Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partially	Based on the IT audit work completed, we have identified the following findings: • Inadequate oversight around generic user in Northgate application; • Weak password configuration settings for Civica and i-Trent; • Lack of process for proactively reviewing IT service provider assurance reports; and • Audit monitoring is enabled but not monitored for Civica. This creates a risk for unauthorised or inappropriate changes to the applications. Detailed recommendations are provided via the IT audit report.	These findings were partially remediated. We have continued to recommend the remaining findings of our IT auditor in Appendix B. Management have confirmed that these have been fully remediated after the year end.
X	We have identified several issues relating to Infrastructure assets. The council has used a large useful life for a number of infrastructure assets, which produces a lower an expected depreciation charge. We also identified that the depreciation charge is only allocated to one asset in the asset register. Finally, we identified that the overall depreciation charged in 2021/22 was outside of the range we determined using standard lives provided by CIPFA. Our review identified that the council's depreciation charge was outside of the range by £1.1m and differed to the midpoint of the range by £3.6m. We have recommended to the management that they review the useful lives of infrastructure assets.	This review has not been carried out. We have again made a recommendation relating to this in 2022/23 – see Appendix B.
X	We have identified reconciling items in our bank reconciliation testing that relates to previous period. Management and stated that this has not been actioned due to staff shortages and sickness leave during the audit. Also, there are still reconciling items that are not true reconciling items included in the bank reconciliation. This issue has been noted also in 2020/21. The management should review their bank reconciliation and ensure that only proper reconciling items are included and also review long outstanding reconciling items even they are low in value.	This remains an issue for 2022/23. We recognise that management have taken steps towards addressing this, but continue to recommend a focus on long-standing reconciling items. We have again made a recommendation relating to this in 2022/23 – see Appendix B.

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Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Due to the way that the Council operates its financial ledger, it is not possible to produce a listing that only exclusively details year end debtor and creditor balances. As a result, the listing contains opening balances carried forward from the prior year as well as in-year movements. This has resulted in significant additional audit team and management resource during the previous four years audits. We have recommended to the management that they should undertake a detailed review of its financial ledger coding to ensure that year-end transactional listings can be produced for year end balances such as debtors and creditors and these should be provided as a routine working paper at the start of future annual financial statements audits.	This remains an issue for 2022/23. We have still identified a material opening balance in both debtors and creditors. We have again made a recommendation relating to this in 2022/23 – see Appendix B.
✓	When valuing the Bristol Port Authority Investment, the Council and its expert built up the Cost of Equity using information after the date of the year end. There is a risk that not using information as at the year-end date will impact on the accuracy and validity of the valuation. We have recommended to the management that they should ensure all elements of the valuation information used should be as at the year-end date.	This finding was remediated in 2022/23. Our internal expert has not identified similar issue in their review of the valuation in 2022/23.
X	The Council insured the repairable sums (indemnity amount) of its heritage assets again in 2021/22, with no additional insurance cover taken out for one of the Council's heritage assets. We have recommended to the management that they should ensure that all heritage asset values are included in the next insurance valuation taken.	This remains an issue for 2022/23. The Council has not updated the value of heritage assets during the year. We have again made a recommendation relating to this in 2022/23 – see Appendix B.
✓	The Council is unable to access bank statements that are dated older than 15 months. If bank statements are required, then the bank charge the Council at a significant cost. We have recommended to the management that they should carry out an exercise regularly throughout the year to ensure all bank statements are saved so they can be accessed during the time of the audit. This should cover all relevant bank accounts of the Council.	This finding was remediated in 2022/23. We have not identified any difficulties in requesting bank statement evidence in our testing during the year.

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Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	We experienced difficulties obtaining evidence to support management's estimate of HRA deprecation. We have recommended to the management that they should ensure calculations for depreciation are reviewed each year to ensure they are up to date and still appropriate and at the time of calculating management should save the evidence used to support the calculation at that point in time.	This remains an issue for 2022/23. We have again identified issues in obtaining sufficient supporting evidence for the management calculation of HRA depreciation. We have again made a recommendation relating to this in 2022/23 – see Appendix B.

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

The three adjustments identified on this page were all first adjusted for in the 2021/22 financial statements audit. On commencement of the 2022/23 financial statements audit, management provided us with an updated set of accounts which reflected these amendments.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
CIL receipts are received by the Council without conditions, hence, should have been recognised as an income when received. This resulted to reclassification from Grants received in advance to Grants unapplied account.	Cr Capital Grant Income - £4,533	Dr Capital Grants Received in Advance (Current) - £6,606 Dr Capital Grants Received in Advance (Non-current) - £19,819 Cr Capital Grants Unapplied Account – £26,425k Dr Capital Adjustment Account £4,533k	(£4,533)	Nil
Revenue grants received in advance amounting to £13.1m should be presented separately from short-term creditors within the balance sheet in line with the requirements of the Code.	Nil	Dr Short-term creditors - £13,115 Cr Revenue Grants Received in Advance - £13,115	Nil	Nil
A portion of the Provision for NNDR appeals was reclassified to short-term liability rather than recording all provision against long-term liability.	Nil	Dr Long-term Provision - £10,000 Cr Short-term Provision - £10,000	Nil	Nil

D. Audit Adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
The IAS 19 report was revised following triennial valuation as at 31 March 2022. The revision was required due to audit backlogs delaying the conclusion of the 2021/22 audit, requiring an updated report to be obtained. This resulted in a decrease in the net pension liabilities of the Council.	Cr Remeasurement on Defined Net Liability £31,007 Dr Financing and Investment Income and Expenditure £587 Cr Employee Benefit Expenditure £3,981	Dr Pension Liability £13,443 Dr Pensions Reserve £20,958	(£3,981)	Nil
Cash equivalents amounting to £10m should be classified as short-term investments in line with the Council's accounting policy.	Nil	Dr Short-term Investment - £10,000 Cr Cash and cash equivalent - £10,000	Nil	Nil
The valuation of the Council's Investment in Bristol Holdings and its subsidiaries was based on the draft accounts of Bristol Waste Company Limited. Following audit, the net asset increased by £3,485k. This resulted to an increase in the valuation of the investment	Cr Changes in Fair Value of Financial Instruments £3,485k	Dr Investment in Subsidiaries £3,485k Dr General Fund £3,485k Cr Capital Adjustment Account £3,485k	Nil	Nil
Overall impact	(£42,419)	£42,419	(£8,514)	Nil

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D. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Our review of the Income and Expenditure Analysed by Nature identified misclassifications within line items. The following adjustments were processed: • Grant amounting to £24.4m was incorrectly presented under fees, charges, and other income. This has been moved to Government Grants and Contributions • Loss in Investment Property Revaluation amounting to £73.2m was reclassified from Other Service Expenditure to a separate line item.	We have recommended these adjustments to be processed.	✓
Various small presentational changes to wording and typography were made to the financial statements.	We have recommended these adjustments to be processed.	✓
A number of presentation disclosure updates were made to the narrative report to ensure it was consistent with the information presented in the financial statements.	We have recommended these adjustments to be processed.	✓
Note 18 School Reserve Transfers In and Out had been amended to match the actual schools reserve balance. Transfers Out corrected from £6,398k to £7,431k Transfers in corrected from (£35k) to (£1,068k)	We have recommended this adjustment to be processed.	✓
Accounting policy for cash and cash equivalent had been updated to clarify that the cash shown net of overdraft is referring to the cash flow statement.	We have recommended this adjustment to be processed.	✓
The following adjustments were processed in Note 17 Adjustments between Accounting and Funding Basis: • Revenue expenditure Funded from Capital Under Statute has been updated from £10,015k to £34,551k to include the REFCUS funded through capital grants and to match the REFCUS in other note disclosures. • Capital grants and contributions has been updated from £51,587k to £80,656k to reflect the REFCUS as above and the adjustments relating to CIL – refer to page 46.	We have recommended these adjustments to be processed.	✓
Note 19 narrative has been updated to change 'fair value' to 'current value' in line with the CIPFA Code and IAS 16.	We have recommended this adjustment to be processed.	✓
The Basis of valuation for surplus asset in Note 23 has been amended from 'fair value less costs to sell' to 'fair value with no deduction' in line with CIPFA Code.	We have recommended this adjustment to be processed.	✓

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D. Audit Adjustments

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
The capital receipts set aside for repayment of debt amounting to £11,718k in Note 25 Capital expenditure and Capital Financing has been moved under Sources of Finance heading rather than under Capital Finance.	We have recommended this adjustment to be processed.	✓
The deferred capital receipt line item and narrative in Note 31 creditors has been removed as this relates to Long-term debtor. Note that this is only a presentation adjustment as this is nil in either period.	We have recommended this adjustment to be processed.	✓
The following amendments were made in Note 38 Related Parties: • The description against Bristol LEP as a joint venture has been removed as this is strategic partnering agreement rather than joint venture. • Additional disclosure relating to Bristol Food Network was added specifically relating to the total value of the transaction during the year amounting to £45k. This is required to be disclosed as the transaction is material to the related party. • Additional disclosure relating to transaction with 1 company wherein one of the Director is a spouse of a BCC Councillor. Transaction amounting to £6k was disclosed as this is material to the related party.	We have recommended these adjustments to be processed.	✓
Pensions Reserve relating to subsidiaries in the Group Accounts have been reclassified from Unusable to Usable Reserves amounting to £18.6m.	We have recommended this adjustment to be processed.	✓
Pooled Budgets - There is an inter-fund adjustment between Fund 1 and Fund 4 due to one of the schemes being incorrectly classified. There is a movement of £1.3m between both funds. However, there is no impact on the total of the pooled budgets.	We have recommended this adjustment to be processed.	✓
Additional disclosures in Note 19 PPE relating to infrastructure assets was made to meet the required minimum disclosure as per SI 1232/2022 and CIPFA Bulletin 12.	We have recommended this adjustment to be processed.	✓
External audit cost disclosure was amended from £320k to £342k to reflect the correct figure.	We have recommended this adjustment to be processed.	✓

D. Audit Adjustments

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
As per paragraph 4.10.4.1 (b) of CIPFA Code, the financial statements shall set out the authority's policy for the acquisition, preservation, management, and disposal of heritage assets. The policy for acquisition and disposal is not included in either Accounting Policies nor Note 20 Heritage Assets.	We have recommended this adjustment to be processed. Management response This will be reviewed in 2023/24 accounts.	X
The CIPFA code states that senior officers must be stated by job title if their salary and employers pension contributions are over £50,000 or more per year (or by name and job title where salary is £150,000 or more per year). Original note had included some officers by name where their salary does not exceed £150k. As a result, the accounts have been updated so that 5 officers are not disclosed by name.	We have recommended this adjustment to be processed.	✓
A narrative to disclose intragroup loans has been added in Note 23 Financial Instruments for additional information for the reader to understand the nature of the financial assets. "Debtors include a £5.8m loan to Bristol Waste and a £10.6m loan to Goram Homes Limited as per Note 38 Related Parties."	We have recommended this adjustment to be processed.	✓
In the "Disclosures of fair value are not required" for financial instruments such as short-term trade receivables and payables amounting to £119,645k and £ 191,358k, respectively, were excluded from the FV tables, rather than reporting as though level 2 in the hierarchy as that is not relevant.	We have recommended this adjustment to be processed.	✓
The value calculated using early repayment discounts rates (as an alternative) that was described as a fair value were removed as it does not meet the requirements of IFRS 13.	We have recommended this adjustment to be processed.	✓
Our work in checking the fair value of financial instruments identified that there is difference of £1,241k from the report of Link Asset Services, management's expert.	We have recommended this adjustment to be processed. Management response Not material and do not impact the accounts as this relates to fair value disclosure only.	X

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D. Audit Adjustment

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
The following adjustments were made in Note 23 Financial Instruments 1) Financial Instruments – Financial Liabilities @ Amortised Cost: Current creditors (2023) - Exclusion of pension contributions and holiday pay accrual c. £14m from financial liability as they do not meet the definition of a financial instrument (either not statutory or would not be settled by cash or another financial asset). Cash and cash equivalents (2022) - inclusion of the bank overdraft amounting to c.£19m to financial liability instead of offsetting the financial assets. Reclassification between short-term and cash equivalents amounting to £10m 2) Gains and Losses: Fair Value Movement (2023) - adjusting the amount agreeing with the Note 9 (Changes in the Fair Value of Financial Instruments) figure. Instead of an increase of £710k, it should be a decrease of £5,181k. Difference of £5,891k. Reclassification of £730k from interest income to expense 3) Reconciliation of Fair Value measurements Level 3 The disclosure amendment relates to additions classification regarding investments amounting to £2,474k	We have recommended this adjustment to be processed.	✓

D. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
The valuer used an incorrect site area in the valuation of one investment property. This resulted in an understatement of the related property.	(£2,475)	£2,475	Nil	Nil	Not material and was corrected in 2023/24 valuations
We identified a difference in the income and expenditure data used in the valuation of Trenchard Multi-Storey Car Park, as compared to the figures generated during our IPE observation. We performed additional procedures to identify any other errors and have included in the amount of misstatement. This resulted to understatement in the valuation.	(£2,952)	£2,952	Nil	Nil	Not material.

D. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Our review of infrastructure assets identified that the council's depreciation charge differed to the point estimate we calculated by £1.4m understatement.	£1,393	(£1,393)	£1,393	Nil	Not material and based on estimate only.
The Pension Fund Auditor (PFA) reported an unadjusted error of £14.572m relating to estimation difference identified in the valuation of Level 3 Investments. The investments were understated, and the proportion of the Council is approximately £5.115m. This is 35.10% of the error, which is the Council's share of the assets of the Fund.	(£5,115)	£5,115	Nil	Nil	Not material.
Our beacon identification testing as part of the Council Dwelling valuation identified three (3) groups wherein the selected beacon was not in line with the valuation process (i.e. selecting the beacon with most numbers within the group). This has an impact as to the beacon being valued and the application of such value to the rest of the beacons within the group. This resulted to understatement in the valuation of Council Dwellings.	(£4,586)	£4,586	Nil	Nil	
Overall impact	(£13,735)	£13,735	£1,393	Nil	

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D. Audit Adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
The valuation of the council's investment in Bristol Waste was based on its draft accounts and following audit, the net asset had changed resulting to £1.592m decrease in valuation.	£1,592	(1,592)	£1,592	Nil	Not material
Our review of infrastructure assets identified that the council's depreciation charge differed to the point estimate we calculated by £1.1m understatement.	£1,100	(£1,100)	£1,100	Nil	Not material and based on estimation
We have identified errors in Council dwellings depreciation testing. The extrapolated error is £3.2m understatement in Council dwellings depreciation.	£3,231	(£3,231)	£3,231	Nil	Not material and based on projection only
A £3.27m loan relating to Bristol Heat Networks had been erroneously recognised as Capital GRIA rather than borrowings.	Nil	Nil	Nil	Nil	Immaterial and misclassification only within liability
We have identified one sample in our Investment properties valuation testing wherein the valuer had not considered the break option in valuing the property as they have not been made aware. The deemed error for this sample is £1.355m and we have projected this across the Investment property balance which shows a potential £4.563m overstatement in valuation.	£4,563	(£4,563)	£4,563	Nil	Not material and based on projection only

D. Audit Adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
We have identified one sample in our Depreciation testing whereby its Depreciation Charge and SDPS have been overstated by £36,268.56. This does not impact the CIES as both figures net off however, the presentation in Note 20 for 'Depreciation charges' and 'Depreciation written out to SDPS' is overstated by that figure. We have projected a misstatement of £4.582m overstatement.	Nil	Nil	Nil	Nil	Not material and presentation error only
Our recalculation of the land and building valuation identified additions amounting to £1.4m that was incorrectly added to the asset being valued. This relates to a completely new asset, and this should be Assets under construction instead of land and building. We are satisfied that this does not impact the valuation of the asset.	Nil	Nil	Nil	Nil	Not material and presentation error only
Estimation variance noted in one of our samples in fees, charges and other income testing which is greater than our acceptable threshold of +- 5%. We have extrapolated this across the population.	£1,034	£1,034	£1,034	£1,034	Not material and based on projection only
Variances identified in creditors testing which shows net overstated creditors both from key items and sample testing variances	(£903)	£903	(£903)	(£903)	Not material and based on projection only
Overall impact	£10,617	(£10,617)	£10,617	£131	

E. Fees and non-audit services

We confirm below our proposed final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee
Scale fee published by PSAA 2019	£172,902
Additional audit procedures arising from a lower materiality	£3,750
Enhance audit procedures for Property, Plant, and Equipment	£5,000
Brought forward ongoing fee from 2019/20	£181,652
New issues for 2020/21	
Additional work on Value for Money (VfM) under new NAO Code	£20,000
Increased audit requirements of revised ISAs 540 / 240 / 700	£6,000
Enhanced audit procedures on journals testing (not included in the Scale Fee)	£3,000
Additional procedures to address other local risk factors	£43,150
Total audit fees 2020/21 (excluding VAT)	£253,802
New issues for 2021/22	
FRC response - additional review, EQCR or hot review	£1,500
Enhanced audit procedures for Infrastructure assets	£2,500
Total audit fees 2021/22 (excluding VAT)	£257,802

E. Fees and non-audit services

Audit fees (continued)	Proposed fee
New issues for 2022/23	
Enhanced audit procedures for Payroll - Change of circumstances	£500
Enhanced audit procedures for Collection Fund- reliefs testing	£750
Increased audit requirements of revised ISAs – 315	£5,000
Additional VFM work relation to significant risk areas (reduced as offset by joint report efficiencies)	£2,000
Procedures to assess the transfer of the Heat Networks	£2,500
Additional procedures performed over council dwellings depreciation	TBC
Additonal procedures preformed in relation to the beacon allocations	TBC
Total proposed audit fees 2022/23 (excluding VAT)	TBC

E. Fees and non-audit services

Audit fees	Proposed fee	Final fee
Council Audit Scale Fee	£172,902	£172,902
Additional Audit Fee	£95,650	TBC
2021/22 Objection	£7,500	£7,500
2022/23 Objection	£7,500	TBC
Total non-audit fees (excluding VAT)	£283,552	£TBC

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services		
Housing Benefit Certification	£44,850	TBC
Pooling of Housing Capital Receipts	£10,000	TBC
Teacher's Pension Certification	£10,000	TBC
Agreed procedures on behalf of Homes England	£8,000	TBC
CFI Insights subscription (multi year subscription – the total value is disclosed)	£37,000	£37,000
Total non-audit fees (excluding VAT)	£72,850	£TBC

None of the above services were provided on a contingent fee basis. Fees reconcile to the amounts disclosed in the financial statements, except for the CFO Insights, which is a multi year subscription.

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'
This impacts audits of financial statement for periods commencing on or after 15 December 2021.
ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

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