

# **Bristol City Council**

## **Draft Statement of Accounts**

### **For the Year Ended 31 March 2020**

Subject to Audit



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

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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 twelve 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 3 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 of time 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 & 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; e.g. bank call accounts.

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

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

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

**COMPREHENSIVE 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 in order 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. It 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 have to 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; e.g. software licences.

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

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

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

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

**MINIMUM REVENUE PROVISION (MRP)** - A statutory amount, that has to 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 in order 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. In order 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.



### Movement in Reserves Statement for the year ended 31 March 2020

	Note	General Fund Balance	GF Earmarked Reserves excluding Schools	School Reserves	Total General Fund	Housing Revenue Account	Housing Revenue Account Earmark Reserves	Total Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 31)	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment from the adoption of IFRS 9													22,500	22,500
<b>Balance at 31 March 2018 Carried Forward</b>		20,000	87,421	6,761	114,182	71,269	7,345	78,614	63,472	1,225	3,004	260,497	1,434,368	1,694,865
<b>Movement in Reserves during 2018/19</b>														
Surplus/(Deficit) on the provision of services		(57,334)	-	-	(57,334)	17,511	-	17,511	-	-	-	(39,823)	-	(39,823)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	-	(79,920)	(79,920)
<b>Total Comprehensive Expenditure and Income</b>		(57,334)	-	-	(57,334)	17,511	-	17,511	-	-	-	(39,823)	(79,920)	(119,743)
Adjustments between accounting basis and funding basis under regulations	17	60,082	-	-	60,082	(9,555)	-	(9,555)	7,351	2,381	915	61,174	(61,174)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		2,748	-	-	2,748	7,956	-	7,956	7,351	2,381	915	21,351	(141,094)	(119,743)
Transfers to/from Earmarked Reserves	18	510	(6,242)	5,732	-	(507)	507	-	-	-	-	-	-	-
<b>Increase/Decrease in 2018/19</b>		3,258	(6,242)	5,732	2,748	7,449	507	7,956	7,351	2,381	915	21,351	(141,094)	(119,743)
<b>Balance at 31 March 2019 Carried Forward</b>		23,258	81,179	12,493	116,930	78,718	7,852	86,570	70,823	3,606	3,919	281,848	1,293,274	1,575,122
<b>Movement in Reserves during 2019/20</b>														
Surplus/(Deficit) on the provision of services		(38,878)	-	-	(38,878)	3,015	-	3,015	-	-	-	(35,863)	-	(35,863)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	-	145,431	145,431
<b>Total Comprehensive Expenditure and Income</b>		(38,878)	-	-	(38,878)	3,015	-	3,015	-	-	-	(35,863)	145,431	109,568
Adjustments between accounting basis and funding basis under regulations	17	30,649	-	-	30,649	(2,060)	-	(2,060)	7,688	-	(1,234)	35,043	(35,043)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(8,229)	-	-	(8,229)	955	-	955	7,688	-	(1,234)	(820)	110,388	109,568
Transfers to/(from) Earmarked Reserves	18	1,974	3,217	(5,191)	-	7,852	(7,852)	-	-	-	-	-	-	-
<b>Increase/(Decrease) in 2019/20</b>		(6,256)	3,217	(5,191)	(8,229)	8,807	(7,852)	955	7,688	-	(1,234)	(820)	110,388	109,568
<b>Balance at 31 March 2020 Carried Forward</b>		17,002	84,396	7,302	108,701	87,525	0	87,525	78,511	3,606	2,685	281,028	1,403,662	1,684,690

## Balance Sheet as at 31 March 2020

31 March 2019	Note	31 March 2020	
<u>£'000</u>		<u>£'000</u>	
2,626,809	Property, plant and equipment	19	2,718,767
202,094	Heritage assets	20	204,056
11,573	Intangible assets	22	15,958
249,251	Investment properties	21	262,086
51,862	Long-term investments	23	61,503
42,657	Long-term debtors	28	50,944
<b>3,184,246</b>	<b>Long-term assets</b>		<b>3,313,314</b>
79,082	Short-term investments	23	89,093
1,872	Inventories	21	10,166
102,146	Short-term debtors	28	101,679
7,397	Cash and Cash Equivalents	29	69,426
3,572	Assets held for sale		723
<b>194,069</b>	<b>Current assets</b>		<b>271,088</b>
(4,998)	Short-term borrowing	23	(4,778)
(144,683)	Short-term creditors	30	(176,951)
(3,589)	Provisions	31	(7,276)
(20,689)	Capital grants received in advance	16	(26,741)
<b>(173,958)</b>	<b>Current liabilities</b>		<b>(215,745)</b>
(430,488)	Long-term borrowing	23	(460,488)
(27,846)	Provisions	31	(28,257)
(1,149,284)	Other long-term liabilities	30	(1,166,622)
(21,616)	Capital grants received in advance	16	(28,600)
<b>(1,629,234)</b>	<b>Long-term liabilities</b>		<b>(1,683,967)</b>
<b>1,575,122</b>	<b>Net assets</b>		<b>1,684,689</b>
(281,847)	Usable reserves	18	(281,027)
(1,293,275)	Unusable reserves	32	(1,403,662)
<b>(1,575,122)</b>	<b>Total reserves</b>		<b>(1,684,689)</b>

## Cash Flow Statement for the year ended 31 March 2020

2018/19		2019/20
<u>£'000</u>	Note	<u>£'000</u>
(39,823)	Net deficit on the provision of services	(35,863)
177,824	Adjustment to net surplus on the provision of services for non-cash movements	193,146
(65,029)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(107,423)
<u>72,972</u>	Net cash flows from Operating Activities	<u>49,860</u>
(80,477)	Investing Activities	(10,492)
(10,361)	Financing Activities	22,661
<u>(17,866)</u>	Net increase (decrease) in Cash and Cash Equivalents	<u>62,029</u>
25,263	Cash and Cash Equivalents at the beginning of the reporting period	7,397
<u><u>7,397</u></u>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<u><u>69,426</u></u>

# Notes to the Accounts

## 1 Accounting Policies

### (i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2019. 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 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS).

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

### (ii) Recognition of Income and Expenditure

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

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

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

Government grants and third party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied. Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

### (iii) Cash and Cash Equivalents

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

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

#### **(iv) Charges to Revenue for Non-Current Assets**

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

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

#### **(v) City Region Deal**

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

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

- Income - Income receivable by the Council from the BRP is recognised as revenue in the year in which it occurs. The council recognises revenue and a debtor balance to the extent that future EDF disbursements are to be received, have been committed to by the EDF, and sufficient uncommitted cash remains in the BRP to fund future payments.
- Expenditure – Expenditure is recognised by the Council on the earlier of payments being made by the BRP or where future EDF payments are committed to. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure, and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

#### **(vi) Collection Fund and Local Taxation**

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

- Council Tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself; and
- 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) Employee Benefits**

### **Benefits Payable During Employment**

Monetary benefits such as wages and salaries, paid leave and bonuses, and non-monetary benefits (e.g. 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 of the above schemes provide defined benefits to members e.g. 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, taking into account 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 on the basis of cash flows rather than as benefits earned by employees.

In 2017/18, the Council made an up-front payment of the LGPS deficit contributions for the three years 2017/18 - 2019/20 totalling £44.183m (net of academy conversions). 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 £2.968m, reducing total payments from £47.151m to £44.183m. 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.

### **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.

### **(viii) 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.

### **(ix) 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 takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses 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.

### **(x) 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), and
- 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 at a later date. These are similar to 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 of 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 on the basis of 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 into 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 on the basis of 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.

### **(xi) Government Grants and Contributions**

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

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

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.

### **(xii) 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 e.g. 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.

### **(xiii) 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 (e.g. 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

### **(xiv) 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 has the ability to 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 Energy Limited and Goram Homes Limited (all of which are indirectly held). There are no non-controlling interests.

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

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

#### **(xv) 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.

#### **(xvi) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all of 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; and
- 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 (e.g. 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 (e.g. 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.

#### **(xvii) 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.

#### **(xviii) 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 (with the exception of ring fenced accounts such as the HRA, Public Health and Licencing).

#### **(xix) Prior Period Adjustments**

Prior period adjustments arise as a result 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.

## **(xx) 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).

## **(xxi) Property, Plant and Equipment**

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

### **Recognition**

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

### **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs.

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

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

- Infrastructure and community assets - depreciated historical cost;

- Assets under construction - historical cost;
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets – the current value measurement base is fair value, defined as “the highest or best price that can be obtained in the most advantageous market, in an arms’ length transaction between knowledgeable participants at the measurement date”;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

- Council dwellings - are depreciated based upon component accounting basis. In the year of disposal six month depreciation is charged to the accounts.
- Other buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer;

- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet;
- Infrastructure, (excluding quay walls and lock gates) - straight-line allocation over 25 years;
- Infrastructure, quay walls and lock gates in city docks are not depreciated as their economic life is beyond 100 years.

The Council applies component accounting to all assets with a net book value in excess of £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 in excess of £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.

## **(xxii) 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, taking into account 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.

### **(xxiii) 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.

### **(xxiv) 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.

### **(xxv) Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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

- 50 Community (12 Nurseries, 30 Primaries, 6 Special and 1 Alternative Provision Site)
- 1 Foundation Primary

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.

## **(xxvi) Value Added Tax**

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

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

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

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

**IFRS 16** Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short term-leases). CIPFA/LASAAC has deferred implementation of IFRS16 for local government to 1 April 2021. This accounting change may have a significant impact on our accounts however currently there are no reliable estimates to quantify this.

### 3 Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

#### 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 taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if actual results differ from assumptions
Property, Plant and Equipment (excluding Council dwellings)	<p>Asset valuations are based on market prices and are periodically re-valued using a 5-year rolling programme to ensure that the Council does not materially misstate its property, plant and equipment. If market prices change significantly, over time there will be a corresponding increase or reduction in the value of Council land and buildings.</p> <p>The outbreak of Covid-19 has impacted on global financial markets and as at the valuation date less weight can be attached to previous market evidence to inform opinions of value.</p> <p>Valuations are therefore reported on the basis of “material valuation uncertainty” as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore values have been based on the situation prior to Covid-19 on the assumption that values will be restored when the market becomes more fluid.</p>	<p>A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. If the value of the Council's property, plant and equipment was to reduce by say 10%, this would result in a £104m change in cost value charged against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement.</p> <p>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.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied.</p>	<p>Variations in the key assumptions will have the following impact on the net pension liability</p> <ul style="list-style-type: none"> <li>• a 0.1% increase in the discount rate will reduce the net pension liability by £57m</li> <li>• a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £60m</li> <li>• a 0.1% increase in the assumed level of pay inflation will increase the net pension liability by £5.7m</li> <li>• an increase of one year in longevity will increase the net pension liability by £60m</li> </ul>

Fair Value Estimation	<p>Asset valuations are based on either:</p> <ul style="list-style-type: none"> <li>• market prices for investment property, surplus assets and non-current assets held for sale: or</li> <li>• the adjusted net worth of unquoted companies in which the Council has a controlling or significant interest.</li> </ul> <p>At the current time it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore it has been difficult to value investment property assets. Values have been based on the situation prior to Covid-19 on the assumption that values will be restored when the market becomes more fluid.</p>	<p>If the value of the Council's investment property, surplus property and non-current assets held for sale, was to reduce by 10%, this would result in a £26m reduction to Property, Plant and Equipment and a corresponding reduction to Unusable Reserves in the Balance Sheet.</p>
Britain leaving the European Union: asset values and pension liability	<p>There is still uncertainty about the implications of Britain leaving the European Union. At the current time it is not possible to predict the agreement that will be reached at the end of the transition period. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However this assumption needs to be revisited and reviewed regularly.</p>	<p>Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.</p>

## 5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on xx August 2020. Events taking place after this date are not reflected in the financial statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and Notes have been adjusted in all material respects to reflect the impact of this information.

Due to the downturn during the year of the market conditions in which Bristol Energy operate a decision was taken during June 2020 to proceed to dispose of the Council's holding in Bristol Energy.

Given the extent of uncertainty regarding the final outcome of the matters currently under consideration, the Council cannot make a reliable estimate of the financial implications to its accounts at this time.

## 6 Expenditure and Funding Analysis for the year ended 31 March 2020

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (ie 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.

2019/20

## Adjustments between the Funding and Accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Revised Outturn £'000	Adjustments (EFA Note 1) £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments for Capital Purposes (EFA Note 2) £'000	Net change for the Pension Adjustments (EFA Note 3) £'000	Other Differences (EFA Note 4) £'000	Total Adjustments £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Adults, Children and Education Resources								
Growth and Regeneration								
Housing Revenue Account								
Dedicated Schools Grant								
Corporate Funding & Expenditure								
<b>Net Cost of Services</b>								
Other income and expenditure (Notes 8,9,10)								
(Surplus) Deficit on the Provision of Services								
Opening General Fund and HRA Balance								
Less Deficit on General Fund and HRA Balance in Year								
Closing General Fund and HRA Balance at 31 March 2020*								

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

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Adjustments between the Funding and Accounting basis							Net Expenditure in the Comprehensive Income and Expenditure Statement
	Revised Outturn	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA (Note 3)	Other Differences EFA (Note 4)	Total Adjustments	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults, Children and Education Resources	216,559	(11,109)	205,450	13,667	(297)	-	13,370	218,819
Growth and Regeneration	50,767	(358)	50,409	5,226	3,708	-	8,934	59,343
Housing Revenue Account	69,008	4,737	73,745	28,126	3,506	-	31,632	105,377
Dedicated Schools Grant	(8,348)	(10,052)	(18,400)	(8,969)	1,767	-	(7,202)	(25,601)
Corporate Funding & Expenditure	(7,062)	-	(7,062)	-	3,223	-	3,223	(3,839)
<b>Net Cost of Services</b>	40,768	(20,675)	20,093	(16,421)	5,907	1,671	(8,843)	11,250
	361,692	(37,457)	324,235	21,629	17,814	1,671	41,114	365,349
Other income and expenditure (Notes 8,9,10)			(334,940)	(5,861)	21,106	(5,831)	9,414	(325,526)
(Surplus) Deficit on the Provision of Services			(10,705)				50,528	39,823
Opening General Fund and HRA Balance			(192,796)					
Less Deficit on General Fund and HRA Balance in Year			(10,704)					
Closing General Fund and HRA Balance at 31 March 2019*			(203,500)					

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

## **EFA Note 1 – Adjustments**

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

## **EFA Note 2 - Adjustments for Capital Purposes**

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

- Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of asset and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## **EFA Note 3 - Net change for Pension Adjustments**

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure this is the net interest on the defined benefit liability is charged to the CIES

## **EFA Note 4 - Other Differences**

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## 7 Expenditure & Income Analysed By Nature

	2019/20	2018/19 Revised
<b>Expenditure &amp; Income Analysed By Nature</b>	£'000	£'000
<b>Expenditure</b>		
Employee Benefits Expense		361,641
Depreciation, Amortisation & Impairment		67,880
Other Service Expenditure		757,608
<b>Total Expenditure</b>		<b>1,187,129</b>
<b>Income</b>		
Fees, Charges and Other Service Income		(303,722)
Interest & Investment Income		(10,402)
Income from Council Tax & Non-domestic Rates		(350,161)
Government Grants, Other Grants and Contributions		(482,971)
<b>Total Income</b>		<b>(1,147,306)</b>
<b>Surplus or deficit on the Provision of Services</b>		<b>39,823</b>

### 7a Revenue from Contracts with Customers

Further to a review of this area, the Council can confirm that there is no material contractual revenue income from customers to disclose. There are therefore no additional disclosures in relation to the introduction of IFRS 15-Revenues from Contracts with Customers. However the table below sets out the material items of income within fees, charges and other service income in the table above.

	2019/20	2018/19
	£'000	£'000
Contributions from Other Organisations		57,053
Health Authorities		20,452
Other Local Authorities		11,571
Social Care Charges		24,724
Sales of Services		9,018
Car Parking		13,294
Housing Revenue Account Income		119,168
Commercial Rents		17,828

## 8 Other Operating Expenditure

	2019/20	2018/19
	£'000	£'000
Precepts and levies	9,226	7,691
Payments to the Government housing capital receipts pool	2,113	2,614
Losses/(gains) on the disposal of non-current assets	(8,963)	15,641
<b>Total</b>	<b>2,376</b>	<b>25,946</b>

## 9 Financing and Investment Income and Expenditure

	2019/20	2018/19
	£'000	£'000
Interest payable and similar charges	35,268	35,354
Loss Allowance (Financial Guarantee Contracts)	5,379	-
Pensions net interest cost	23,029	21,106
Interest receivable and similar income	(10,582)	(10,213)
Income and expenditure in relation to Investment Properties	(11,474)	(11,272)
Changes in fair value of Investments	(15,244)	3,520
<b>Total</b>	<b>26,376</b>	<b>38,495</b>

## 10 Taxation and Non-Specific Grant Income

	2019/20	2018/19
	£'000	£'000
Council tax income	(215,117)	(198,132)
Non-domestic rates	(142,236)	(152,029)
Non-service related government grants	(10,408)	(12,020)
Capital grants and contributions	(33,664)	(27,786)
<b>Total</b>	<b>(401,425)</b>	<b>(389,967)</b>

## 11 Pooled Budgets

### Better Care Fund

The Better Care Fund (BCF) was established to support the integration of health and social care as a basis for joint planning the delivery of local services. The current BCF was established in April 2018 as part of a joint two year programme between Bristol City Council and NHS Bristol Clinical Commissioning Group 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 £79.911m in 2019/20 and administered by whichever body undertook the contracting arrangements.

**Fund 1** is administered by Bristol Clinical Commissioning Group and totals £15.608m. The fund includes contributions from the CCG 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 CCG 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 Bristol Clinical Commissioning Group and totals £0.639m. 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 £3.110m, 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 £44.755m. Both the CCG 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 CCG owns the risks for Health related spend and Bristol City Council holds the risk for Social Care related spend as per the section 75 agreement.

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

<b>Better Care Fund</b>	<b>Fund 1</b>	<b>Fund 2</b>	<b>Fund 3</b>	<b>Fund 4</b>	<b>Fund 5</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funding provided to the pooled budget:</b>						
Bristol CCG	15,608	640	3,110	16,502	16,515	51,658
Bristol City Council	-	-	-	28,253	-	28,253
<b>Total funding into Pooled Budget</b>	<b>15,608</b>	<b>640</b>	<b>3,110</b>	<b>44,755</b>	<b>16,515</b>	<b>79,911</b>
Expenditure met from Pooled Budget						-
Bristol CCG	15,608	640	3,110	16,502	16,515	51,658
Bristol City Council	-	-	-	28,253	-	28,253
<b>Total expenditure from Pooled Budget</b>	<b>15,608</b>	<b>640</b>	<b>3,110</b>	<b>44,755</b>	<b>16,515</b>	<b>79,911</b>
<b>Net surplus/(deficit) on the pooled budget during the year</b>	-	-	-	-	-	-
<b>Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget</b>	-	-	-	-	-	-

## 12 Members' Allowances

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Allowances	1,246	1,219

In addition to the above, the elected Mayor is paid an annual allowance amounting to £72,016 (2018/19: £70,604)

### 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:

2019/20				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
Executive Director - Resources - Head of Paid Service	Apr '19 - Mar '20	M Jackson		165,000	-	-	165,000
Executive Director - People	Apr '19 - Mar '20	J Jensen	1	160,613	-	37,262	197,875
Executive Director - Growth and Regeneration (Interim)*	Apr '19 - Nov '19	C Molton		146,353	-	-	146,353
Executive Directors - Growth and Regeneration	Nov '19 – Mar '20	S Peacock		61,875	-	14,355	76,230
Her Majesty's Senior Coroner for the Area of Avon	Apr '19 - Mar '20	M Voisin	2	134,447	-	30,763	165,210
Statutory Officers- Director Adult Social Care	Apr '19 – Mar '20			120,045	-	25,520	145,565
Statutory Officers- Director Education and Skills (Interim)*	Apr' 19 – Sept '19	A Stubbersfield		116,678	-	-	116,678
Statutory Officers- Director Education and Skills	Sep '19 – Mar '20			56,292	-	13,060	69,351
Statutory Officers- Chief Financial (S151)	Apr '19 - Mar '20			120,000	-	27,840	147,840
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '19 - Mar '20			84,634	-	19,635	104,269
Statutory Officers – Director of Public Health	Apr '19 - Mar '20			90,000	-	20,880	110,880

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

2 The post of Her Majesty's Coroner for the area of Avon is shared across four Unitary Authorities. The current percentage share is: Bristol 40.04%, Bath & North East Somerset 16.45%, North Somerset 18.94% and South Gloucestershire 24.57%

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

The Council also secured services from various individuals on an interim basis during 2018/19 and 2019/20. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2019/20 were as follows:

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

2018/19				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
Executive Director - Resources (Acting)	April - Jun '18	D Murray	1	33,750	-	7,763	41,513
Executive Director - Resources - Head of Paid Service	Jul '18 - Mar '19	M Jackson	2	123,750	-	-	123,750
Executive Director - Adults, Children and Education	April '18 - Mar '19	J Jensen		148,000		34,040	182,040
Executive Director - Communities	April - May 18	A Comley		28,927	75,000	5,213	109,140
Executive Director – Communities (Acting)	Jun - Nov '18	P Mellor	3	69,462	-	15,976	85,438
Executive Directors Growth and Regeneration (Interim)*	April '18-Mar '19	C Molton		274,503	-	-	274,503
Her Majesty's Senior Coroner for the Area of Avon	April '18-Mar '19	M Voisin	4	133,512	-	30,565	164,077
Service Director – Care and Support Adults (Interim)*	April '18 – Mar '19	T Dafter	5	195,490		6,900	202,390
Statutory Officers- Chief Financial (S151)	April - Jun 18		6	-	-	-	-
Statutory Officers- Chief Financial (S151)	Jul '18 - Mar '19			90,000	-	20,700	110,700
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	April - Jul '18			32,771	-	7,810	40,581
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer) (interim)*	Aug - Oct '18	Q Baker		92,715	-	-	92,715
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Nov '18 - Mar'19			35,417	-	8,146	43,563
Statutory Officers – Director of Public Health	April '18			7,358	17,688	1,692	26,738
Statutory Officers – Director of Public Health (Interim)*	April '18 – Feb '19	S Milner		194,120	-	-	194,120
Statutory Officers – Director of Public Health	Feb '19 – Mar '19			8,571	-	1,971	10,542

1 D Murray acted into this position but retained S151

2. The Head of Paid Service post was covered by Executive Director Adults, Children and Education for no extra remuneration until this permanent appointment was made

3. This post was deleted from December 2018 when the structure move from four Directorates to three

4 The post of Her Majesty's Coroner for the area of Avon is shared across four Unitary Authorities. The current percentage share is: Bristol 40.04%, Bath & North East Somerset 16.45%, North Somerset 18.94% and South Gloucestershire 24.57%

5 The Service Director Care and Support Adults was an interim for the period April – December 2018. For the period January to March 2019 he was employed directly by the Council

6 S151 responsibilities were covered by the Acting Director of Resources

Fees paid in respect of individuals engaged on an interim basis

The Council also secured services from various individuals on an interim basis during 2017/18 and 2018/19. The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2018/19 were as follows:

- N Greenhalgh, who holds the position of **Project Manager Growth & Regeneration** from March 2018 to March 2019 at a cost to the Council in 2018/19 of **£239,788** (2017/18 of

- £15,448);
- N Owens, who holds the position of **Specialist Project Manager** from August 2018 to March 2019 at a cost to the Council in 2018/19 of **£163,566**;
  - S Somerfield, who held the position of **Interim Service Director ICT** from December 2017 to September 2018 at a cost to the Council in 2018/19 of **£109,319** (2017/18 of **£71,610**);
  - A Stubbersfield, who holds the position of **Interim Service Director Education and Skills** from September 2018 to March 2019 at a cost to the Council in 2018/19 of **£109,984**;
  - J Walsh, who holds the position of **Service Director Human Resources & Workforce** from July 2017 to March 2019 at a cost to the Council in 2018/19 of **£160,558** (2017/18 of **£152,610**);
  - P Wharfe, who held the position of **Interim Service Director Housing** from February 2018 to December 2018 at a cost to the Council in 2018/19 of **£97,650** (2017/18 of **£24,180**);

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	2019/20 Number of employees		2018/19 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	15	32	25	27
£55,000 - £59,999	14	40	15	36
£60,000 - £64,999	13	29	21	38
£65,000 - £69,999	15	26	5	17
£70,000 - £74,999	6	24	7	13
£75,000 - £79,999	2	5	-	3
£80,000 - £84,999	1	4	2	1
£85,000 - £89,999	1	2	1	1
£90,000 - £94,999	1	3	-	3
£95,000 - £99,999	-	3	-	2
£100,000 - £104,999	-	1	-	2
£105,000 - £109,999	-	3	-	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	1	-	-
£120,000 - £124,999	-	3	-	-
<b>Totals</b>	68	176	76	143

## Exit Packages

The numbers of exit packages relating to council employees during 2019/20, 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	
	2019/20 No.	2018/19 No.	2019/20 No.	2018/19 No.	2019/20 No.	2018/19 No.	2019/20 No.	2018/19 £'000
£0 - £20,000	6	33	8	16	14	49	138	398
£20,001 - £40,000	2	9	5	14	7	23	205	645
£40,001 - £60,000	1	3	8	10	9	13	423	614
£60,001 - £80,000	-	-	1	3	1	3	68	205
£80,001 - £100,000	1	1	-	3	1	4	84	348
£100,001 - £150,000	1	3	-	-	1	3	111	326
£150,001 - £200,000	1	1	-	-	1	1	154	154
<b>Total</b>	<b>12</b>	<b>50</b>	<b>22</b>	<b>46</b>	<b>34</b>	<b>96</b>	<b>1,183</b>	<b>2,690</b>

## 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.

	2019/20 £'000	2018/19 £'000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	211	233
Fees payable to the External Auditor for the certification of grant claims and returns for the year	29	31
Fees payable in respect of other services provided by the External Auditor during the year	-	10
<b>Total</b>	<b>240</b>	<b>274</b>

## 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:

2018/19 £'000				2019/20 £'000			
Central Expenditure	ISB	Total		Notes	Central Expenditure	ISB	Total
		343,431	Final DSG before academy recoupment				355,148
		173,360	Less: Academy figure recouped for year	1			189,088
		170,071	Total DSG after academy recoupment				166,060
		(1,016)	Plus: Brought forward from previous year	2			1,962
		517	Less: Carry forward agreed in advance	3			(2,407)
24,521	144,017	168,538	Agreed initial budgeted distribution		27,100	143,329	170,429
301	-	301	In year adjustments	4	-	(105)	(105)
<b>24,822</b>	<b>144,017</b>	<b>168,839</b>	<b>Final budgeted distribution</b>		<b>27,100</b>	<b>143,224</b>	<b>170,324</b>
23,377	-	23,377	Less: actual central expenditure		27,585	-	27,585
-	148,117	148,117	Less: actual ISB deployed to schools		-	143,224	143,224
-	4,100	4,100	Plus: LA contribution for year		-	-	-
<b>1,445</b>	<b>0</b>	<b>1,445</b>	<b>Carry forward</b>		<b>(485)</b>	<b>0</b>	<b>(485)</b>
		517	Carry forward agreed in advance				(2,407)
		<b>1,962</b>	<b>Total carried forward (Note 18)</b>	5			<b>(2,892)</b>

1. The academy recoupment in 2018/19 comprised 71 academies open at the start of the year plus 9 school conversions in the year. The academy recoupment in 2019/20 comprised 80 academies open at the start of the year plus 3 that converted in year.
2. This is the brought forward figure from 2018/19.
3. Agreement with School Forum and Cabinet in January 2019, to accelerate funding from 2020/21 DSG to reflect in-year pressure in High Needs Block.
4. The in-year estimated adjustment for the final early years block funding 2019/20, following the January 2020 census data up-date, due in summer 2020.
5. The total carry forward deficit is £2.892m for the year. Included in the carry forward are surpluses for delegated budgets of £0.464m and Schools Block of £0.174m, with offsetting deficits of (£1.102m) in High Needs Block, (£0.020) in Early Years Block and (£2.407m) of advance funding.

## 16 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20:

### Credited to Taxation and Non Specific Grant Income:

	2019/20 £'000	2018/19 £'000
Capital grants and contributions (Note 10 & see below)	33,636	27,786
Non service related government grants (Note 10)	10,408	12,020
<b>Total</b>	<b>44,044</b>	<b>39,806</b>

### Capital grants and contributions

	2019/20 £'000	Restated 2018/19 £'000
<b>Government grants applied:</b>		
Adults, Children and Education	7,093	2,033
Growth & Regeneration	24,938	23,846
Resources	-	60
Housing Revenue Account	27	-
Developer Contributions	1,606	933
<b>Total Government Grants &amp; Contributions applied</b>	<b>33,664</b>	<b>26,872</b>
Government grants unapplied	-	914
<b>Total grants credited to the CIES</b>	<b>33,664</b>	<b>27,786</b>

## Grants Credited to Services

	31 Mar 2020 £'000	31 Mar 2019 £'000
<b>Adults, Children and Education</b>		
Adult Education	2,079	1,649
Better Care Fund	14,487	12,009
Dedicated Schools Grant	165,955	170,299
Education Services Grant	10	1,170
Education and Skills Funding Agency Grants	11,318	10,780
Independent Living Fund Grant	1,669	2,087
PFI Special Grant	17,433	17,996
Pupil Premium	7,133	8,036
SEN Reform Grant	-	294
Troubled Families Grant	1,684	1,973
Youth Justice Board Grant	747	729
Other Care Grants (Adults)	1,830	1,810
Other Care Grants (Children)	3,481	2,724
Other	804	1,200
<b>Growth &amp; Regeneration</b>		
Discretionary Housing Payments	1,154	1,372
Go Ultra Low Grant	1,022	-
Homelessness Reduction & Support Grants	4,046	2,385
Housing Benefit (rent allowances/council tax benefit) subsidy	136,205	156,486
Housing Benefit Administration Subsidy	2,596	2,930
Housing Revenue Grant	76	-
Public Health	31,628	32,486
Public Health – Other	317	238
SWERCOTS	402	376
Trailblazer Grant	-	415
Travel & Transport Grants	232	645
Air Quality Grant	1,146	675
Arts Council England - Museums	1,898	2,044
Better Bus Area Fund	172	595
Bus Service Operators Grant (BSOG)	448	448
Cycling Ambition Fund	-	1,848
Local Sustainable Transport Fund West (LSTF)	-	998
Sustainable Travel Access Fund	2,336	1,214
Winter Funding	2,028	-
COVID-19	550	-
Other	4,735	4,927
<b>Resources</b>		
Non City Council elections	615	-
Brexit	307	-
Other	467	337
<b>Total</b>	<b>421,013</b>	<b>443,165</b>

The Council has received a number of 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:

	<b>31 March 2020</b>	<b>Restated 31 March 2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital Grants and Contributions Received in Advance</b>		
Government grants	17,208	13,484
Section 106 contributions	38,133	28,821
<b>Total</b>	<b>55,341</b>	<b>42,305</b>
Due < 1 year	26,741	20,689
Due > 1 year	28,600	21,616
<b>Total</b>	<b>55,341</b>	<b>42,305</b>
<b>Revenue grants (within creditors)</b>		
Adults, Children and Education	-	447
Growth & Regeneration	-	2,432
Resources	31,919	30
<b>Total</b>	<b>31,919</b>	<b>2,909</b>

## 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.

2019/20	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation and impairment of non-current assets	(50,509)	(30,790)				(81,299)
Movement in the market value of Investment Properties	13,631	(387)				13,244
Amortisation and impairment of Intangible Assets	(2,861)	(373)				(3,234)
Capital grants and distributions	33,636	27				33,663
Revenue and expenditure funded from capital under statute	(10,225)		2,809			(7,416)
Amount of non-current assets written off on disposal or sale as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	(38,376)	(8,473)				(46,849)
Changes in Fair Value of Financial Instruments	2,350					2,350
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	10,631		12,515			23,146
Capital expenditure charged against the General Fund and HRA balances	10,271	10,999				21,270
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	46,098	10,359	(56,458)			(1)
Administrative costs of non-current asset disposals	(645)		645			-
Use of the Capital Receipts Reserve to finance new capital expenditure				30,688		30,688
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,113)		2,113			-
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
Excess depreciation transferred to the MRR						-
HRA depreciation credited to MRR		25,668		(25,668)		-
Use of the MRR to finance new capital expenditure				25,668		25,668
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Application of grants and contributions to capital financing					1,234	1,234
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	178					178
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	(88,105)	(9,829)				(97,934)
Employer's pensions contributions and direct payments to pensioners payable in the year	45,272	4,859				50,131
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	351					351
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(233)					(233)
<b>Other Reserve Movements</b>						
Total Adjustment	(30,649)	2,060	(7,688)	0	1,234	(35,043)

2018/19	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation and impairment of non-current assets	(39,291)	(26,205)	-	-	-	(65,496)
Movement in the market value of Investment Properties	(3,474)	(46)	-	-	-	(3,520)
Amortisation and impairment of Intangible Assets	(2,383)	-	-	-	-	(2,383)
Capital grants and distributions	27,786	-	-	-	-	27,786
Revenue and expenditure funded from capital under statute	(6,147)	-	-	-	-	(6,147)
Amount of non-current assets written off on disposal or sale as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	(28,465)	(7,700)	-	-	-	(36,165)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	6,864	-	-	-	-	6,864
Capital expenditure charged against the General Fund and HRA balances	10,209	10,160	-	-	-	20,369
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	8,405	12,406	(20,811)	-	-	-
Administrative costs of non-current asset disposals	(288)	-	288	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	10,558	-	-	10,558
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,614)	-	2,614	-	-	-
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
Excess depreciation transferred to the MRR	-	-	-	-	-	-
HRA depreciation credited to MRR	-	25,015	-	(25,015)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	22,634	-	22,634
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Application of grants and contributions to capital financing	-	-	-	-	(915)	(915)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
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
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	(78,347)	(8,479)	-	-	-	(86,826)
Employer's pensions contributions and direct payments to pensioners payable in the year	43,503	4,404	-	-	-	47,907
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
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	5,831	-	-	-	-	5,831
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</b>						
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	(1,848)	-	-	-	-	(1,848)
<b>Other Reserve Movements</b>						
Total Adjustment	(60,082)	9,555	(7,351)	(2,381)	(915)	(61,174)

## 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 2019/20, 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/DSG – amounts required by statute to be set aside for future expenditure in schools
- 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

	01 April 2018	Transfers out	Transfers in	01 April 2019	Transfers out	Transfers in	31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total General Fund Strategic Reserve</b>	(20,000)	0	(3,258)	(23,258)	8,598	(2,341)	(17,001)
<b>General Fund Earmarked Reserves</b>							
Capital Investment Reserve	(16,795)	10,065	(7,500)	(14,230)	20,964	(31,900)	(25,166)
Business Transformation Reserve	(5,684)	1,322	-	(4,362)	3,231	(2,000)	(3,131)
Risk Management Reserve	(21,239)	7,253	(4,622)	(18,609)	14,935	(12,376)	(16,050)
Statutory/Ring-fenced Reserve	(14,642)	1,502	(1,685)	(14,825)	92	(3,527)	(18,261)
Financing Reserve	(13,600)	3,107	(1,242)	(11,735)	3,098	(581)	(9,218)
Service Specific Reserves	(15,460)	38	(1,997)	(17,419)	11,689	(6,840)	(12,570)
<b>Total</b>	(87,420)	23,287	(17,046)	(81,179)	54,008	(57,224)	(84,396)
<b>School Reserves</b>							
Schools – DSG	1,016	0	(2,978)	(1,962)	4,853	0	2,892
Schools - Balances	(5,371)	0	(2,994)	(8,365)	0	(544)	(8,910)
Schools - Other	(2,407)	240	0	(2,166)	882	0	(1,284)
<b>Total Schools</b>	(6,761)	240	(5,972)	(12,493)	5,735	(544)	(7,302)
<b>HRA</b>							
HRA General Reserve	(71,269)	0	(7,449)	(78,718)	74	(8,882)	(87,526)
Major Repairs Reserve	(1,225)	0	(2,381)	(3,606)	25,668	(25,668)	(3,606)
HRA Earmarked Reserves	(7,345)	0	(507)	(7,852)	7,852	0	0
<b>Total HRA Reserves</b>	(79,839)	0	(10,337)	(90,176)	33,594	(34,550)	(91,132)
<b>Capital Reserves</b>							
Capital Receipts	(3,004)	14,765	(22,116)	(3,919)	76,846	(75,612)	(2,685)
Capital Grants Unapplied	(63,472)	0	(915)	(70,824)	50,658	(58,346)	(78,512)
<b>Total Usable Capital Reserves</b>	(66,477)	14,765	(23,031)	(74,742)	127,505	(133,959)	(81,196)
<b>TOTAL USABLE RESERVES</b>	(260,497)	38,292	(59,644)	(281,848)	229,439	(228,618)	(281,027)

Details of the earmarked reserves are set out below:

<b>RESERVE</b>	<b>PURPOSE</b>
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, e.g. Public Health Reserve, City Deal Business Rate Pooling and Stoke Park Dowry.
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: <ul style="list-style-type: none"> <li>- Bristol Futures - to provide new technology to improve public services</li> <li>- Development Fund primarily to fund Docks Asset Survey existing and proposed regeneration schemes</li> <li>- Housing Support to provide support for homelessness issues</li> </ul>

## 19 Property, Plant and Equipment Movements in 2019/20

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

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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2019	1,664,252	585,955	68,595	331,124	8,715	30,383	43,129	2,732,153	22,975
Additions	31,925	29,052	20,102	25,312	1,011	6,988	1,832	116,222	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,897	70,037	-	-	652	-	694	73,280	4,528
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(27,216)	-	(208)	(2,062)	(331)	(3,298)	(33,115)	(459)
De-recognition - Disposals	(6,420)	(13,318)	(7,028)	-	-	(17,990)	(2,079)	(46,835)	-
Assets reclassified to/from Held for Sale	-	-	-	-	-	-	(1,800)	(1,800)	-
Assets reclassified to/from Investment Property	270	(152)	-	-	-	-	-	118	-
Other movements in cost or valuation	(1,060)	6,598	(74)	(1,125)	(635)	(7,339)	3,635	-	-
<b>At 31 March 2020</b>	<b>1,690,864</b>	<b>650,956</b>	<b>81,595</b>	<b>355,103</b>	<b>7,681</b>	<b>11,711</b>	<b>42,113</b>	<b>2,840,023</b>	<b>27,044</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2019	(12,269)	(9,597)	(37,120)	(45,743)	(240)	(7)	(368)	(105,344)	(229)
Depreciation Charge	(25,158)	(16,567)	(5,191)	(10,539)	-	-	(382)	(57,837)	(543)
Depreciation written out to Revaluation Reserve	24,779	-	-	-	-	-	-	24,779	-
Depreciation written out to Surplus/Deficit on the provision of Services	-	8,715	-	-	-	-	1015	9,730	459
De-recognition - disposals	51	287	7,013	-	-	11	52	7,414	-
Other movements in Depreciation and Impairment	18	167	148	325	(176)	(7)	(473)	2	-
<b>At 31 March 2020</b>	<b>(12,579)</b>	<b>(16,995)</b>	<b>(35,150)</b>	<b>(55,957)</b>	<b>(416)</b>	<b>(3)</b>	<b>(156)</b>	<b>(121,256)</b>	<b>(313)</b>
<b>Balance Sheet at 31 March 2020</b>	<b>1,678,285</b>	<b>633,961</b>	<b>46,445</b>	<b>299,146</b>	<b>7,265</b>	<b>11,708</b>	<b>41,957</b>	<b>2,718,767</b>	<b>26,731</b>
<b>Balance Sheet at 1 April 2019</b>	<b>1,651,983</b>	<b>576,358</b>	<b>31,475</b>	<b>285,381</b>	<b>8,475</b>	<b>30,376</b>	<b>42,761</b>	<b>2,626,809</b>	<b>22,746</b>

## Property, Plant and Equipment Comparative movements in 2018/19

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2018	1,664,774	633,435	64,984	297,286	8,266	21,084	42,041	2,731,870	19,287
Additions	25,643	24,664	3,611	33,794	449	8,040	-	96,201	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(17,451)	(6,758)	-	-	-	-	2,819	(7,874)	2,856
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(46,054)	-	-	-	(364)	(1,241)	(47,659)	832
De-recognition - Disposals	(7,667)	(21,284)	-	-	-	-	(325)	(29,276)	-
Assets reclassified to/from Held for Sale	-	(225)	-	-	-	(7,057)	(4,022)	(11,304)	-
Assets reclassified to/from Investment Property	-	99	-	-	-	-	96	195	-
Other movements in cost or valuation	(1,047)	(11,438)	-	44	-	8,680	3,761	-	-
<b>At 31 March 2019</b>	<b>1,664,252</b>	<b>585,955</b>	<b>68,595</b>	<b>331,124</b>	<b>8,715</b>	<b>30,383</b>	<b>43,129</b>	<b>2,732,153</b>	<b>22,975</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2018	(8,309)	(32,810)	(31,953)	(35,846)	(166)	(1,838)	(258)	(111,180)	(1,132)
Depreciation Charge	(24,538)	(15,478)	(5,241)	(9,897)	-	-	(555)	(55,709)	(415)
Depreciation written out to Revaluation Reserve	20,575	-	-	-	-	-	-	20,575	-
Depreciation written out to Surplus/Deficit on the provision of Services	-	35,214	-	-	-	-	861	36,075	1,318
De-recognition - disposals	55	2,986	-	-	-	-	8	3,049	-
Other movements in Depreciation and Impairment	(52)	491	74	-	(74)	1,831	(424)	1,846	-
<b>At 31 March 2019</b>	<b>(12,269)</b>	<b>(9,597)</b>	<b>(37,120)</b>	<b>(45,743)</b>	<b>(240)</b>	<b>(7)</b>	<b>(368)</b>	<b>(105,344)</b>	<b>(229)</b>
<b>Balance Sheet at 31 March 2019</b>	<b>1,651,983</b>	<b>576,358</b>	<b>31,475</b>	<b>285,381</b>	<b>8,475</b>	<b>30,376</b>	<b>42,761</b>	<b>2,626,809</b>	<b>22,746</b>
<b>Balance Sheet at 1 April 2018</b>	<b>1,656,465</b>	<b>600,625</b>	<b>33,031</b>	<b>261,440</b>	<b>8,100</b>	<b>19,246</b>	<b>41,783</b>	<b>2,620,690</b>	<b>18,155</b>

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

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

### Capital Commitments

At 31 March 2020 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £39.9m.

Significant contractual commitments outstanding at 31 March 2020 were as follows:

		£m
Avonmouth and Sevenside Enterprise Area - Flood defences	South Gloucestershire Council	29.9
Major refurbishment project at Colston Hall	Willmott Dixon Construction Ltd	26.7
School Expansion - Cathedral Schools Trust Trinity Academy	Bristol LEP Ltd (Skanska)	16.9
New Housing Provision - Ashton Rise	Willmott Dixon Construction Ltd	6.0
IT Transformation Programme - Software, IT improvements	Microsoft Ltd	4.7
ICT Refresh Programme - Purchase of new laptops	XMA Ltd	3.6
New Housing Provision - Registered Provider grants	United Communities Ltd	3.1
Priority Stock - Refurbishment	Rateavon Ltd	2.4
Transport - Floating pontoon walkway	Knights Brown Construction Ltd	2.3
Energy District Heat Networks installation	CSW Process Ltd	2.2
New Housing Provision - 3 development sites	Perfect Circle JV Ltd	1.7
School Expansion - Kingsweston Block C Post-16 & The Keep	Bristol LEP Ltd (Skanska)	1.7
Energy Centre Water Source Heat Pump	Jewson Ltd	1.4
ICT Refresh Programme - Storage Area Network Replacement	Centerprise International Ltd	1.3
New Housing Provision - Modular units	Lesko Modular Group Ltd	1.1
	<b>Total</b>	<b>105.0</b>

## Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant and Equipment are valued at historic cost, which is considered to be a suitable proxy for fair value. The following table shows the effective valuation dates for all Property Plant and Equipment:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc	Infrastructure	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at historical cost</b>	-	7,153	81,595	355,103	7,681	785	-	452,317
1 October 2019	1,690,864	526,138	-	-	-	270	42,022	2,259,294
1 October 2018	-	12,121	-	-	-	300	-	12,421
1 December 2017	-	11,269	-	-	-	10,356	-	21,625
1 April 2016	-	37,416	-	-	-	-	78	37,494
1 April 2015	-	56,859	-	-	-	-	13	56,872
<b>Total cost valuation</b>	<b>1,690,864</b>	<b>650,956</b>	<b>81,595</b>	<b>355,103</b>	<b>7,681</b>	<b>11,711</b>	<b>42,113</b>	<b>2,840,023</b>

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

## 20 Heritage Assets

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

	Art Collection £'000	Ethnography & Foreign Archaeology £'000	Antiquarian books £'000	Other £'000	Total £'000
<b>Cost or valuation</b>					
01 April 2019	125,031	42,593	7,675	26,795	202,094
Additions	335			5	340
Revaluations	1,259	-5	-	368	1,622
<b>31 March 2020</b>	<b>126,625</b>	<b>42,588</b>	<b>7,675</b>	<b>27,168</b>	<b>204,056</b>
<b>Cost or valuation</b>					
01 April 2018	124,600	42,584	7,675	26,235	201,094
Additions	-	-	-	-	-
Revaluations	431	9	-	560	1,000
<b>31 March 2019</b>	<b>125,031</b>	<b>42,593</b>	<b>7,675</b>	<b>26,795</b>	<b>202,094</b>

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

### Heritage Assets: Further Information on the Museum’s collections

#### Loans

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

#### Preservation

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

- prepare artefacts for display
- set conservation standards for the refurbishment of permanent exhibitions
- prepare artefacts for loan to other institutions
- check new acquisitions
- assess the condition of objects and work on the installation of temporary exhibitions
- work to improve collections storage
- maintain permanent displays - this includes training staff and cleaning objects.

## 21 Investment Properties

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from Investment Property	11,998	11,815
Direct operating expenses arising from Investment Property	(524)	(543)
Net gain	<b>11,474</b>	<b>11,272</b>

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

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of the year	249,251	255,415
Additions – purchases	-	64
Disposals	(289)	(2,512)
Net gains/losses from fair value adjustments	13,244	(3,520)
Transfers to/from Property, Plant and Equipment	(120)	(196)
Balance at end of the year	<b>262,086</b>	<b>249,251</b>

## 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 £3.2m charged to revenue in 2019/20 was charged to the central ICT cost centre and the Housing Revenue Account. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Cost of Service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The main purchases in 2019/20 relate to system improvements from within the IT Transformation programme (ITTP) and the development of the HR/Finance system.

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at start of the year</b>		
Gross carrying amounts	26,172	22,476
Accumulated amortisation	-12,585	-10,202
Accumulated impairment	-2,014	-2,014
<b>Net carrying amount at start of year</b>	<b>11,573</b>	<b>10,260</b>
<b>Additions:</b>		
Purchases	7,620	3,696
<b>Amortisation for the period</b>	<b>-3,235</b>	<b>-2,383</b>
<b>Net carrying amount at the end of year</b>	<b>15,958</b>	<b>11,573</b>
<b>Comprising:</b>		
Gross carrying amounts	33,792	26,172
Accumulated amortisation	-15,820	-12,585
Accumulated impairment	-2,014	-2,014
<b>Balance at end of the year</b>	<b>15,958</b>	<b>11,573</b>

## 23 Financial Instruments

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

	Long-Term		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£'000	£'000	£'000	£'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(460,488)	(430,488)	(4,778)	(4,998)
Service Concessions	(131,735)	(129,013)	(8,820)	(6,415)
Creditors	(84)	(78)	(153,522)	(115,020)
<b>Total Financial Liabilities</b>	<b>(592,307)</b>	<b>(559,579)</b>	<b>(167,120)</b>	<b>(126,433)</b>
<b>Financial Assets</b>				
Available-for-sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Loans & Receivables at Amortised Cost	-	-	-	-
<b>Financial Assets at amortised cost</b>				
Investments	1	2	102,502	67,461
Debtors	11,600	1,677	68,926	70,217
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investment	350	550	-	-
<b>Financial Assets at Fair Value through profit and loss</b>				
Investments	59,052	51,310	56,017	19,019
<b>Total Financial Assets</b>	<b>73,003</b>	<b>53,539</b>	<b>227,445</b>	<b>156,697</b>

### Movements

The increase in financial liabilities, circa £65m relates to £30m of long term borrowing undertaken during the year to support the capital programme and increase in the value of general creditors (£32m) during the year. This was mainly due to £30m Covid19 grants received in advance.

The financial assets increased by circa £88m through a combination of increases in working capital and reserves resulting in additional cash resources to invest in lieu of using these resources.

## Borrowing

	<b>31 March 2020</b>	<b>31 March 2019</b>
	£'000	£'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	151	101
Other short term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,470	3,737
- Banks and other monetary sector	1,136	1,139
- Local bonds and property rent disposals	11	11
- Stocks	10	10
<b>Total</b>	<b>4,778</b>	<b>4,998</b>

	<b>31 March 2020</b>	<b>31 March 2019</b>
	£'000	£'000
Non-current borrowing		
Public Works Loan Board	340,439	310,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
<b>Total</b>	<b>460,488</b>	<b>430,488</b>

The Council undertook £30m of new long term borrowing at historic low rates in accordance with the Council's Treasury Management Strategy to support the financing of the Council's capital programme.

## 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 2019/20

	Financial Liabilities	Financial Assets			Total
	Measured at amortised cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(40,647)	-	-	-	(40,647)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(40,647)</b>	-	-	-	<b>(40,647)</b>
Interest Income	-	5,861	-	301	6,162
Fair Value Change	-	-	-	350	350
Dividend Income	-	-	-	4,070	4,070
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(40,647)</b>	<b>5,861</b>	-	<b>4,721</b>	<b>(30,065)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	-	-	-	-	-
<b>Net gain/(loss) for the year</b>	<b>(40,647)</b>	<b>5,861</b>	-	<b>4,721</b>	<b>(30,065)</b>

### Financial Instruments Gains and Losses 2018/19

	Financial Liabilities	Financial Assets			Total
	Measured at amortised cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	
	£000s	£000s	£000s	£000s	£000s
Interest expense	(35,354)	-	-	-	(35,354)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(35,354)</b>	-	-	-	<b>(35,354)</b>
Interest Income	-	7,214	-	359	7,573
Increases in Fair Value	-	-	-	(150)	(150)
Dividend Income	-	-	-	2,790	2,790
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(35,354)</b>	<b>7,214</b>	-	<b>2,999</b>	<b>(25,141)</b>
<b>Surplus arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	-	-	-	-	-
<b>Net gain/(loss) for the year</b>	<b>(35,354)</b>	<b>7,214</b>	-	<b>2,999</b>	<b>(25,141)</b>

## Fair Value of Financial Assets and Property Assets

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

Descriptions	Fair value measurements at 31 March 2020 using:			Fair value measurements at 31 March 2019 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
<b>Recurring fair value measurements</b>						
<b>Fair Value through Profit and Loss</b>						
Money Market Funds	56,017			19,019		
Bristol Port Company (Non-traded Unquoted Equity Investment)	-		27,000			25,000
<b>Recurring fair value measurements</b>						
<b>Non-traded securities:</b>						
Bristol Holdings (unquoted equity investment)			25,052			-
Unquoted private companies	-	-	450	-	-	550
Pooled property fund	-	-	9,000	-	-	9,000
<b>Total Non-traded securities:</b>	<b>56,017</b>	<b>-</b>	<b>61,502</b>	<b>19,019</b>	<b>-</b>	<b>34,550</b>
<b>Investment properties</b>	<b>-</b>	<b>262,086</b>	<b>-</b>	<b>-</b>	<b>249,251</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>41,957</b>	<b>-</b>	<b>-</b>	<b>42,060</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>56,017</b>	<b>304,043</b>	<b>61,502</b>	<b>-</b>	<b>291,311</b>	<b>34,550</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	723	-	-	3,572	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>723</b>	<b>-</b>	<b>-</b>	<b>3,572</b>	<b>-</b>

<b>Valuation techniques and Inputs</b>				
<b>Description of asset</b>	<b>Valuation hierarchy</b>	<b>Basis of Valuation</b>	<b>Observable and Unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties	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.	Calculations have been based an income approach to valuation, by applying a multiple derived from the market to a maintainable profit figure.	Changes to market conditions (local and global), and the comparable data used within the valuations.

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 and adjusted for customer base valuation as at 31 March 2020.	Valuations could be affected by the difference between audited and unaudited accounts and changes in customer number and price per customer.
Investments in 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	
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 have been based on the latest quarterly financial report	Changes to housing market conditions could affect the valuation of the pooled property fund.

### 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 2020	31 March 2019
	Non-traded securities £000	Non-traded securities £000
Opening balance	51,860	20,360
Re-measurement 1/4/19	-	25,350
Transfers into level 3	-	-
Transfers out of level 3	-	-
included in the surplus/(deficit) on the Provision of Services	2,350	(150)
included in Other Comprehensive Income and Expenditure	-	-
<b>Total gains/(losses) for the period:</b>	<b>2,350</b>	<b>(150)</b>
Additions	7,842	6,500
Disposals	(550)	(200)
<b>Closing balance</b>	<b>61,502</b>	<b>51,860</b>

Gains and losses included in the surplus / (deficit) on the provision of services for the current year primarily relates to the investments in the Bristol Port Company. The additions mainly relates to the acquisition of share capital in Bristol Holdings.

## 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 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Public Works Loan Board (PWLB)	343,909	480,200	314,176	478,900
Lender Option Borrower Option	70,663	99,400	70,670	104,500
Market Debt	50,473	69,200	50,469	72,700
Current Creditors	153,522	153,522	115,020	115,020
Service Concessions	140,555	215,476	135,428	224,104
Other	305	305	249	249
<b>Total Liabilities</b>	<b>759,427</b>	<b>1,018,103</b>	<b>686,012</b>	<b>995,473</b>

The Authority has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £1.346bn an increase of £328m which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

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

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	33,076	33,076	60,063	60,063
Cash and Cash Equivalents	69,426	69,426	7,397	7,397
Non-current investments	101	101	2	2
Current Debtors	68,926	68,926	70,217	70,217
Non-current debtors	11,600	11,600	1,677	1,677
<b>Total Financial Assets</b>	<b>183,129</b>	<b>183,129</b>	<b>139,356</b>	<b>139,356</b>

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.

## **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 as a result 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 26 February 2019 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 of the Authority's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

## Allowance for Credit Losses

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

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-19
<b>Non-Current Investments:</b>					
Non-traded securities	-	0.00%	0.00%	-	-
Sub-total	-			-	-
<b>Current Investments:</b>					
Local Authorities	72,493	0.00%	0.00%	-	-
AA rated counterparties	41	0.02%	0.02%	-	8
A rated counterparties	29,968	0.06%	0.06%	18	14
Sub-total	<b>102,502</b>			<b>18</b>	<b>22</b>
<b>Trade debtors</b>	<b>68,926</b>			-	-
<b>Non-current debtors</b>	<b>11,601</b>			-	-
<b>Total Financial assets</b>	<b>183,029</b>			<b>18</b>	<b>22</b>

The estimated maximum exposure for credit loss for Treasury investments is £18k and therefore no allowance for credit loss have been made for these assets.

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.

Current debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-19 Restated
	£'000	£'000	£'000	£'000
Local tax payers	16,390	(10,291)	6,099	8,362
Housing rents	12,485	(9,605)	2,880	2,614
Other - sundry debtors	109,740	(30,472)	79,268	73,118
<b>Total Other Entities and Individuals</b>	<b>138,615</b>	<b>(50,368)</b>	<b>88,247</b>	<b>84,094</b>
Central Government bodies	11,407	-	11,407	9,731
Other local authorities	1,636	-	1,636	1,705
NHS bodies	749	-	749	6,617
<b>Total debtors</b>	<b>152,047</b>	<b>(50,368)</b>	<b>101,679</b>	<b>102,146</b>
<b>Balance sheet debtors</b>	<b>152,047</b>	<b>(50,368)</b>	<b>101,679</b>	<b>102,146</b>
Current debtors not qualifying as a financial instrument under IFRS	(43,043)	10,291	(32,752)	(31,929)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>109,004</b>	<b>(40,077)</b>	<b>68,927</b>	<b>70,217</b>

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 2020	31 March 2019 Restated
	£'000	£'000
Less than three months	30,438	20,336
Three to four months	1,521	1,555
Four months to one year	9,474	8,121
More than one year	38,863	39,242
<b>Total</b>	<b>80,296</b>	<b>69,254</b>

### 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 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:

	<b>31 March 2020</b>	<b>31 March 2019 Restated</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	227,445	156,696
Between 1 and 2 years	435	436
Between 2 and 3 years	438	439
More than 3 years	70,130	52,665
<b>Total</b>	<b>298,448</b>	<b>210,236</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	167,120	126,433
Between 1 and 2 years	18,651	17,024
Between 2 and 3 years	8,553	7,025
More than 3 years	565,103	535,531
<b>Total</b>	<b>759,427</b>	<b>686,013</b>

### 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.

	<b>Approved minimum limits</b>	<b>Approved maximum limits</b>	<b>Actual 31 March 2020</b>	<b>%</b>	<b>Actual 31 March 2019</b>	<b>%</b>
	<b>%</b>	<b>%</b>	<b>£'000</b>		<b>£'000</b>	
Less than 1 year	-	30	4,778	1%	4,997	2%
Between 1 and 2 years	-	40	10,000	2%	-	0%
Between 2 and 5 years	-	40	5,000	1%	15,000	2%
Between 5 and 10 years	-	50	54,000	12%	49,000	8%
More Than 10 Years	25	100	391,488	83%	366,489	88%
<b>Total</b>			<b>465,266</b>	<b>100%</b>	<b>435,486</b>	<b>100%</b>

Included within the maturity profile are £50m of LOBOS with maturities averaging 40 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

### Market risk

The 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; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Council has a number of 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 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>31 March 2020 £'000</b>
Increase in interest receivable on variable rate investments	1,676
Impact on Surplus or Deficit on the Provision of Services	1,676
Share of overall impact debited to the HRA	1,519
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)	107,500

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 have 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 in a position 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 2019/20 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.

	2019/20	2018/19
	£'000	£'000
Opening Capital Financing Requirement	847,021	822,515
<b>Capital investment</b>		
Property, Plant and Equipment	126,927	96,202
Investment Properties	-	64
Intangible Assets	7,620	3,697
Long Term Investments / Debtors	17,592	6,998
Revenue Expenditure Funded from Capital under Statute	10,223	6,147
Capital Receipts set aside for repayment of debt	(13,839)	(1,305)
<b>Sources of finance</b>		
Capital receipts	(33,496)	(10,558)
Government grants and other contributions	(34,898)	(26,872)
Sums set aside from revenue:		
• Direct revenue contributions	(46,938)	(43,003)
• MRP – City Council Debt	(10,631)	(6,864)
<b>Closing Capital Financing Requirement</b>	<b>869,923</b>	<b>847,021</b>
Explanation of movements in year		
Less Minimum Revenue Provision	(10,631)	(6,864)
Use of capital receipt for repayment of debt	(13,839)	(1,305)
Increase in underlying need to borrowing (unsupported by government financial assistance)	47,372	32,676
<b>Increase in Capital Financing Requirement</b>	<b>22,902</b>	<b>24,507</b>

## 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 2020	31 March 2019 Restated
	£'000	£'000
Not later than one year	13,708	13,986
Later than one year and not later than five years	49,370	49,551
Later than five years	850,558	867,632
	<b>913,637</b>	<b>931,169</b>

The minimum lease payments receivable at 31 March 2020 and 2019 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020 cumulative payments totalling £141m (£132m in 2018/19) 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	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2020/21	3,146	1,977	4,352	503	9,978
2021/22 to 2024/25	13,391	9,823	14,870	556	38,640
2025/26 to 2029/30	18,711	18,464	10,878	309	48,362
2030/31 to 2031/32	5,584	6,735	1,013	327	13,659
<b>Total</b>	<b>40,832</b>	<b>36,999</b>	<b>31,113</b>	<b>1,695</b>	<b>110,639</b>

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 2020 cumulative payments totalling £197m (£179m in 2018/19) 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 £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2020/21	5,357	4,086	5,989	3,584	19,016
2021/22 to 2024/25	23,023	16,033	20,845	18,111	78,012
2025/26 to 2029/30	32,738	25,059	18,635	25,551	101,983
2030/31 to 2034/35	32,819	32,598	7,100	21,403	93,920
<b>Total</b>	<b>93,937</b>	<b>77,776</b>	<b>52,569</b>	<b>68,649</b>	<b>292,931</b>

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 2020 payments totalling £27m (£24m at 31 March 2019) 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 £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2020/21	348	708	1,399	1,067	3,522
2021/22 to 2024/25	1,481	2,097	4,946	5,747	14,271
2025/26 to 2029/30	2,030	3,564	4,901	7,789	18,284
2030/31 to 2034/35	2,236	4,749	2,810	9,043	18,838
2035/36 to 2036/37	1,016	2,351	370	3,700	7,437
<b>Total</b>	<b>7,111</b>	<b>13,469</b>	<b>14,426</b>	<b>27,346</b>	<b>62,352</b>

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	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Balance outstanding at the start of year	120,098	125,068	14,284	15,063
Movement in year	(5,323)	(4,970)	(815)	(779)
<b>Balance outstanding at year end</b>	<b>114,775</b>	<b>120,098</b>	<b>13,469</b>	<b>14,284</b>

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

### Bristol Waste Contract

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

During the year Bristol Waste acquired £12.5m of assets to support the provision of waste services, partly funded from a loan (£9.75m) from the Council.

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

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Total £'000
2020/21	29,462	2,049	313	31,824
2021/22 to 2024/25	127,719	6,836	745	135,300
2025/26 to 2026/27	44,536	3,426	91	48,053
<b>Total</b>	<b>201,717</b>	<b>12,311</b>	<b>1,149</b>	<b>215,177</b>

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

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Balance outstanding at the start of year	120,098	125,068	14,284	15,063	1,046	976	135,428	141,107
Movement in year	(5,323)	(4,079)	(815)	(779)	11,265	70	5,127	(5,679)
<b>Balance outstanding at year end</b>	<b>114,775</b>	<b>120,989</b>	<b>13,469</b>	<b>14,284</b>	<b>12,311</b>	<b>1,046</b>	<b>140,555</b>	<b>135,428</b>

## 28 Debtors

	31 March 2020 £'000	31 March 2019 £'000
<b>i Current debtors</b>		
Trade receivables	23,868	29,832
Prepayments	3,437	3,045
VAT	14,822	7,652
Other	71,860	61,616
<b>Total</b>	<b>113,986</b>	<b>102,146</b>

Impairments for doubtful debts are detailed in Note 23.

	31 March 2020 £'000	31 March 2019 £'000
<b>ii Long-term debtors</b>		
Mortgages	193	192
Capital loans (Probation/Fire/LEP/Bristol Waste))	12,239	1,161
South Gloucestershire Council	381	409
Former county council debt	39,260	40,895
<b>Total</b>	<b>52,073</b>	<b>42,657</b>

## 29 Cash and Cash Equivalents

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

	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
Cash held by the Council	275	269
Bank current accounts	8,165	(21,958)
Short-term deposits with banks / building societies	60,985	29,086
<b>Total Cash and Cash Equivalents</b>	<b>69,425</b>	<b>7,397</b>

## 30 Creditors

	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
<b>Current liabilities</b>		
Trade payables	2,029	17,621
Other payables	119,400	90,268
Receipts in advance	55,522	36,794
<b>Total</b>	<b>176,951</b>	<b>144,683</b>

	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
<b>Other long-term liabilities</b>		
Service Concession contract liabilities (see Note 27)	131,735	129,013
Retirement benefit obligations (see Note 33)	993,905	977,592
Deferred liabilities	40,895	42,599
Deferred capital receipts	3	2
Rent Deposits	84	78
<b>Total</b>	<b>1,166,622</b>	<b>1,149,284</b>

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 2020 the liability in the Council's Balance Sheet of £40.9m (2019: £42.6m) comprised of former county council loan debt of £40.9m (2019: £42.6m)

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

## 31 Provisions

	Balance at 1 April 2019	Additional provisions made in 2019/20	Amounts used in 2019/20	Balance at 31 March 2020	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation	(869)	(82)	830	(121)	(121)	.
Insurance fund	(2,411)	(764)	1,390	(1,785)	(1,278)	(507)
NDR Provision for appeals	(26,913)	(1,352)	811	(27,454)	(4,007)	(23,447)
Legal	(993)	-	495	(498)	(498)	-
Parent Company Guarantees	-	(5,379)	-	(5,379)	(5,379)	-
Other	(248)	(48)	-	(296)	-	(296)
<b>Total</b>	<b>(31,434)</b>	<b>(7,625)</b>	<b>3,526</b>	<b>(35,533)</b>	<b>(11,283)</b>	<b>(24,250)</b>
Due < 1 year	(3,589)			(7,276)		
Due > 1 year	(27,845)			(28,257)		
	<b>(31,434)</b>			<b>(35,533)</b>		

Details of the provisions are shown in the table below:

Provision	Purpose
Business Transformation	Covers future exit costs arising from services management of change processes
Insurance fund	To meet the known and anticipated liabilities on claims under the Council's insurance arrangements.
NDR Provision for appeals	Covers the cost of future appeals
Legal	Created to cover the costs of various outstanding legal cases within Adult Social Care
Parent Company Guarantees	Covers the potential exposure related to parental guarantee has been provided for the Council's subsidiaries in order for them to operate
Other	Other provisions are individually not material

## 32 Unusable Reserves

	31 March 2020 £'000	31 March 2019 £'000
Revaluation Reserve	(861,614)	(788,594)
Capital Adjustment Account	(1,549,156)	(1,510,028)
Financial Instruments Adjustment Account	7,076	7,254
Pensions Reserve	993,905	991,850
Collection Fund Adjustment Account – Council Tax	1,446	(1,871)
Collection Fund Adjustment Account – NNDR	667	2,172
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	(2,590)	(427)
Accumulated Absences Account	6,604	6,370
	<u>(1,403,662)</u>	<u>(1,293,274)</u>

### 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.

	2019/20 £'000	2019/20 £'000	2018/19 £'000	2018/19 Restated £'000
Balance at 1 April		(788,594)		(800,696)
Upward revaluation of assets	(112,014)		(54,615)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12,332		42,859	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(99,683)		(11,756)
Amount written off to the Capital Adjustment Account		26,662		23,858
<b>Balance at 31 March</b>		<u>(861,614)</u>		<u>(788,594)</u>

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

	2019/20	2018/19
	£'000	£'000
<b>Balance at 1 April</b>	(1,510,028)	(1,490,937)
Adjustment from the adoption of IFRS 9	-	(21,650)
<b>Adjusted balance at 1 April 2019</b>	(1,510,028)	(1,512,587)
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	57,837	55,868
Revaluation losses on Property, Plant and Equipment	23,463	9,629
Amortisation of Intangible Assets	3,245	2,383
Revenue Expenditure Funded from Capital Under Statute	10,225	6,147
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	46,849	36,165
	(1,368,419)	(1,402,395)
Adjusting amounts written out of the Revaluation Reserve	(26,662)	(23,858)
Net written out amount of the cost of non-current assets consumed in the year	(1,395,081)	(1,426,253)
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(33,496)	(10,558)
Use of the Major Repairs Reserve to finance new capital expenditure	(25,668)	(22,634)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(34,898)	(26,871)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(10,631)	(6,864)
Use of the Capital Receipts Reserve for repayment of Long Term Investments financed by borrowing	(13,839)	(1,305)
Long Term Capital Investment repaid	971	1,305
Capital expenditure charged against the General Fund and HRA balances	(21,270)	(20,368)
	(1,533,912)	(1,513,548)
Movements in the market value of Investments debited or credited to the Comprehensive Income and Expenditure Statement	(15,244)	3,520
<b>Balance at 31 March</b>	<b>(1,549,156)</b>	<b>(1,510,028)</b>

## Financial Instruments Adjustment Account

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

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

	2019/20	2019/20	2018/19	2018/19
	£'000	£'000	£'000	£'000
Balance at 1 April		7,254		7,432
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(178)		(178)	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(178)		(178)
<b>Balance at 31 March</b>		<b>7,076</b>		<b>7,254</b>

## 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.

	2019/20	2018/19
	£'000	£'000
<b>Balance at 1 April</b>	991,850	861,256
Remeasurements on pensions assets and liabilities	(45,748)	91,675
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	97,934	86,826
Employer's pensions contributions and direct payments to pensioners payable in year	(50,131)	(47,907)
<b>Balance at 31 March</b>	<b>993,905</b>	<b>991,850</b>

### 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.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	(126)	5,705
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	(351)	(5,831)
<b>Balance at 31 March</b>	<b>(477)</b>	<b>(126)</b>

### 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 e.g. 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.

	<b>2019/20</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>		<b>6,370</b>		<b>4,522</b>
Settlement or cancellation of accrual made at the end of the preceding year	(6,370)		(4,522)	
Amounts accrued at the end of the current year	6,604		6,370	
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		234		1,848
<b>Balance at 31 March</b>		<b>6,604</b>		<b>6,370</b>

## 33 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 2019/20 was 23.68% resulting in a total payment of £8.645m (£7.254m in 2018/19) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.474m (£2.423m in 2018/19) 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 £1.769m (£1.797m in 2018/19). 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 2019/20 a total payment of £0.40m (£0.41m in 2018/19) 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	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
<b>Income and Expenditure Account</b>				
<b>Net cost of services</b>				
Current service cost	63,986	56,437	-	-
Past service gains/curtailment costs/Settlements	9,812	8,420	-	-
Administration expense	1,107	863	-	-
<b>Financing and Investment Income</b>				
<b>Expenditure</b>				
Net interest cost	21,429	19,387	1,600	1,719
<b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>96,334</b>	<b>85,107</b>	<b>1,600</b>	<b>1,719</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurements (assets/liabilities)	49,187	(88,587)	(3,439)	(3,088)
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the (surplus) or Deficit for the provision of services for post - employment benefits	(96,334)	(85,107)	(1,600)	(1,719)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to scheme	45,888	43,687	4,243	4,220

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2019/20 to reflect the current service cost and an appropriate share of the net interest cost. The latter item has been apportioned to the HRA on the basis of pensionable pay.

## Assets and Liabilities in relation to Retirement Benefits

	Funded liabilities:		Unfunded liabilities:		Unfunded liabilities:		Total Liability	
	Local Government Pension Scheme		Local Government Pension Scheme		Teachers' Unfunded Pensions		Local Government & Teachers Pensions	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>01-Apr</b>	(2,589,755)	(2,390,982)	(41,548)	(41,913)	(68,803)	(68,216)	(2,700,106)	(2,501,111)
Current service cost	(63,986)	(56,437)					(63,986)	(56,437)
Interest on pension liabilities	(61,497)	(61,325)	(964)	(1,053)	(1,600)	(1,719)	(64,061)	(64,097)
Contributions by scheme participants	(12,074)	(11,162)					(12,074)	(11,162)
Remeasurement (liabilities)								
Experience (gain)/loss	(13,648)	-	4,374		(858)		(10,132)	-
(Gain)/loss on financial assumptions	59,862	(129,957)	434	(1,389)	1,402	(3,088)	61,698	(134,434)
(Gain)/loss on demographic assumptions	109,158	-	1,232		2,895		113,285	-
Benefits paid	66,838	66,865	2,784	2,807	4,243	4,220	73,865	73,892
Past service grants, curtailment costs and settlements	(9,812)	(6,757)		-			(9,812)	(6,757)
<b>31-Mar</b>	<b>(2,514,914)</b>	<b>(2,589,755)</b>	<b>(33,688)</b>	<b>(41,548)</b>	<b>(62,721)</b>	<b>(68,803)</b>	<b>(2,611,323)</b>	<b>(2,700,106)</b>

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

	<b>2019/20</b>	<b>2018/19</b>
	<u>£'000</u>	<u>£'000</u>
<b>1 April</b>	1,722,618	1,668,864
Interest on plan assets	41,032	42,991
Remeasurement (assets)	(119,103)	42,759
Administration expense	(1,107)	(863)
Settlements	-	(1,663)
Employer contributions	31,631	29,040
Contributions by scheme participants	12,074	11,162
Benefits paid	(69,622)	(69,672)
<b>31 March</b>	<b><u>1,617,523</u></b>	<b><u>1,722,618</u></b>

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 £108,641m (2018/19: £85.750m).

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

	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Present value of liabilities:</b>				
Local Government Pension Scheme	(2,548,602)	(2,631,303)	(2,432,895)	(2,476,515)
Teachers' unfunded liabilities	(62,721)	(68,803)	(68,216)	(72,225)
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>1,617,523</b>	<b>1,722,618</b>	<b>1,668,864</b>	<b>1,627,833</b>
<b>Surplus/(deficit) in the scheme:</b>				
Local Government Pension Scheme	(931,079)	(908,685)	(764,031)	(848,682)
Teachers' unfunded liabilities	(62,721)	(68,803)	(68,216)	(72,225)
<b>Total</b>	<b><u>(993,800)</u></b>	<b><u>(977,488)</u></b>	<b><u>(832,247)</u></b>	<b><u>(920,907)</u></b>

The total liabilities shown in the Balance Sheet comprise the above (£993.800m) together with a small amount in respect of pre-1974 liabilities (£0.105m) totalling (£993.905m).

## 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 2016.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Teachers	
	2019/20	2018/19	2019/20	2018/19
<b>Mortality assumptions:</b>				
Longevity at 65 for current pensioners:				
Men	23.2	23.7	23.2	23.7
Women	25.3	26.2	25.3	26.2
Longevity at 75 for current pensioners:				
Men		-	14.3	14.7
Women		-	16.1	16.7
Longevity at 65 for future pensioners:				
Men	24.7	26.3	-	-
Women	27.3	29.0	-	-
	%	%	%	%
Rate for discounting scheme liabilities	2.4	2.4	2.2	2.4
Rate of inflation - CPI	2.1	2.2	2.1	2.3
Rate of increase in salaries	3.6	3.7	-	-
Rate of increase in pensions	2.2	2.3	2.4	2.4

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 2020.

Impact on the Defined Benefit Obligation in the Scheme (LGPS)	2019/20	2018/19
	£'000	£'000
Longevity (increase or decrease by 1 year)	71,999	52,594
Rate of inflation (increase or decrease by 0.1%)	44,429	49,125
Rate of increase in salaries (increase or decrease by 0.1%)	4,726	5,627
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(42,780)	(47,351)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	2019/20	2018/19
	£'000	£'000
Longevity (increase or decrease by 1 year)	2,242	2,093

Rate of inflation (increase or decrease by 0.1%)	640	813
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(575)	(738)

### Local Government Pension Scheme assets comprise

Asset Category	Sub-Category	Quoted (Y/N)	31 March 2020 £'000	31 March 2019 £'000
Equities	UK Quoted	Y	112,828	129,197
	Global Quoted	Y	52,489	487,501
	Emerging Markets	Y	70,200	79,240
	<b>Sub-total equities</b>		<b>235,517</b>	<b>695,938</b>
Bonds	UK Government Indexed	Y	90,581	208,437
	Sterling Corporate Bonds	Y	146,390	201,546
	<b>Sub-total bonds</b>		<b>236,971</b>	<b>409,983</b>
Property	UK Property Funds	Y	84,111	87,854
	Overseas Property Funds	Y	76,024	79,240
	<b>Sub-total property</b>		<b>160,135</b>	<b>167,094</b>
Alternatives	Hedge Funds	Y	93,008	84,408
	Diversified Growth Funds	Y	218,042	215,327
	Infrastructure	Y	129,617	120,583
	Secured Income	Y	24,398	-
	EFT's	Y	15,249	-
<b>Sub-total alternatives</b>		<b>480,314</b>	<b>420,318</b>	
Cash and equivalents	Cash Accounts	Y	35,586	29,285
	<b>Sub-total cash</b>		<b>35,586</b>	<b>29,285</b>
<b>Total Assets</b>			<b>1,617,523</b>	<b>1,722,618</b>

### 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 a number of 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 Authorities 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 17 years. Funding levels are monitored on an annual basis. The next triennial valuation was completed on 31 March 2019 and is effective from 1 April 2020.

The Council made a pension deficit contribution of £43.183 m in April 2017.

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 2021 are £55,692m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2021 are £4.344m.

### **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.

### 34 Cash Flow Statement – Operating Activities

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

	2019/20	2018/19
	<u>£'000</u>	<u>£'000</u>
Interest received	6,301	6,173
Interest paid	(35,808)	(35,352)
Dividends received	2,376	2,790

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

	2019/20	2018/19
	<u>£'000</u>	<u>£'000</u>
Depreciation, impairment and downward revaluations	81,300	54,086
Amortisation	3,245	2,383
Increase/(decrease) in impairment for bad debt	1,694	1,400
(Decrease)/increase in creditors	27,958	4,284
(Increase)/decrease in debtors	(1,053)	4,950
(Increase)/decrease in inventories	(8,294)	(239)
Movement in pension liability	47,803	53,566
Contributions to/(from) Provisions	2,609	2,609
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	46,849	36,164
Other non-cash items charged to the net surplus or deficit On the provision of services	(8,965)	18,621
<b>Net cash flows from non-cash movements</b>	<b><u>193,146</u></b>	<b><u>177,824</u></b>

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

	2019/20	2018/19
	<u>£'000</u>	<u>£'000</u>
Capital grants credited to surplus or deficit on the provision of services	(52,136)	(44,218)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(55,487)	(20,811)
	<b><u>(107,623)</u></b>	<b><u>(65,029)</u></b>

### 35 Cash Flow Statement - Investing Activities

	2019/20	2018/19
	£'000	£'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(102,078)	(99,240)
Purchase of short-term and long-term investments	(124,641)	(253,394)
Other (payments)/receipts for investing activities	(11,485)	2,015
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	55,319	24,148
Proceeds from short-term and long-term investments	107,000	199,500
Capital Grants Received	65,393	43,960
Other receipts from investing activities	0	2,534
<b>Net cash flows from investing activities</b>	<b>(10,492)</b>	<b>(80,477)</b>

### 36 Cash Flow Statement - Financing Activities

	2019/20	2018/19
	£'000	£'000
Cash receipts of short- and long-term borrowing	30,000	-
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(7,363)	(12,816)
Repayments of short- and long-term borrowing	(1,704)	(1,775)
Council Tax and NNDR adjustments	1,728	4,230
<b>Net cash flows from investing activities</b>	<b>22,661</b>	<b>(10,361)</b>

### 37 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.

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 these counterparties during the year.

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 2020	Future financial support expected in 2020/21	Key risks identified
Bristol Holdings Limited	100% subsidiary The City Council has one Director post on the Board.	TBC				
Bristol Waste Company	100% subsidiary of Bristol Holding Limited The City Council has one Director post on the Board.	TBC				
Bristol Energy Limited	100% subsidiary of Bristol Holdings Limited The City Council has one Director posts on the Board.	TBC				
Goram Homes Ltd	100% subsidiary of Bristol Holdings Limited. The City Council has one Director post on the Board.	£799k Loan	Development of building projects	£799k	?????	Low risk – sums involved are not significant in the context of the Council's overall net budget.
Bristol Energy & Technology Services (Supply) Limited	100% subsidiary of Bristol Holdings Limited The City Council has one Director post on the Board. The company is currently dormant.	None	N/A	Nil	Nil	None
Bristol is Open Limited	100% owned subsidiary The City Council has one Director posts on the Board.	£350k	Loan	£350k loan	Further funding may be required if the company continues to trade at a deficit	Low risk – sums involved are not significant in the context of the Council's overall net budget.
Bristol Local Education Partnership (LEP) Ltd	Joint venture with BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and Skanska Infrastructure Development UK Limited 80%	£71.2m payments to the company	Provision of ICT and construction services to schools in Bristol.	£82k owed to the Council £1.2m owed by the Council	Nil – payments are made for work done in line with contract terms	Low risk – company is trading profitably and delivering services as agreed

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

## **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

### **38 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 1<sup>st</sup> 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 during 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 2019/20 is £8.120m (2018/19 £6.893m). There has been no change to the council's assets or liabilities arising from the transfer of functions to WECA.

### **39 Contingent Liabilities**

The Council has 59 tower blocks in total, of which 37 blocks are clad. Following the Grenfell Tower tragedy the Council has, in addition to its own safety checks, began commissioning independent checks of our entire high rise cladding systems and materials to evidence that our blocks are safe. The materials used is different and of different design to that employed at Grenfell and there is no evidence to suggest that we will need to remove any cladding at this point in time. We have earmarked funds in our HRA Business Plan for general tower block maintenance and improvements and will continue to monitor its sufficiency as findings from our own independent checks are concluded.

In addition to the above an independent Public enquiry has been commissioned by the Government into the Grenfell tower tragedy and there is a risk that new regulations or measures emerge that will need to be implemented to ensure people living in high rise buildings are safe. These may not be fully funded from central government leaving a residual liability to the Council.

## 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	2019/20 Net £'000	2018/19 Net £'000
<b>Expenditure</b>			
Repairs and maintenance		32,537	30,633
Supervision and management		28,920	27,188
Special services		9,155	8,294
Rent, rates, taxes and other charges		1,296	1,094
Depreciation and impairment of non-current assets	4	31,164	26,205
Debt management		42	41
Debt write offs and movement in the allowance for bad debts		2,460	986
<b>Total expenditure</b>		<b>105,574</b>	<b>94,441</b>
<b>Income</b>			
Dwelling rents	2	(109,997)	(110,589)
Non-dwelling rents		(961)	(957)
Charges for services and facilities		(8,755)	(8,113)
Contributions towards expenditure		(98)	(384)
<b>Total income</b>		<b>(119,811)</b>	<b>(120,043)</b>
<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>(14,237)</b>	<b>(25,602)</b>
Net cost of HRA services		<b>(14,237)</b>	<b>(25,602)</b>
(Gain) on sale of HRA non-current assets		(1886)	(4,706)
Movement in the Fair Value of Investment Properties		387	46
Interest payable and similar charges		11,459	11,459
HRA interest and investment income		(1,312)	(1,016)
Pensions interest costs and expected return on assets	5	2,601	2,308
Capital Grants and Contributions Receivable		(27)	-
<b>(Surplus) for the year on HRA services</b>		<b>(3,015)</b>	<b>(17,511)</b>

## Statement of movement on the HRA Balance

	Note	31 March 2020 Net £'000	31 March 2019 Net £'000
HRA balance brought forward		(78,718)	(71,269)
(Surplus) for the year on the HRA Income and Expenditure Account		(3,015)	(17,511)
Adjustments between accounting basis and funding basis under statute		2,059	9,554
<b>(Increase) before reserve transfers</b>		<b>(956)</b>	<b>(7,957)</b>
Transfer from/to reserves		(7,852)	508
<b>Net (increase) on HRA balance</b>		<b>(8,808)</b>	<b>(7,449)</b>
<b>HRA balance carried forward</b>		<b>(87,526)</b>	<b>(78,718)</b>

## Note to the statement of movement on the HRA Balance

	Note	31 March 20 Net £'000	31 March 2019 Net £'000
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>			
Depreciation and impairment of property, plant & equipment	4	(30,790)	(26,205)
Amortisation of Intangible Fixed Assets	4	(373)	(46)
Fair value movements on investment properties		(387)	(46)
Net charges made for retirement benefits in accordance with IAS19	5	(9,829)	(8,479)
Net gain/loss on disposal of assets		1886	4,706
Capital Grants and Other Contributions	6	27	-
		<b>(39,466)</b>	<b>(30,024)</b>
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>			
Capital expenditure funded by the HRA	6	10,999	10,160
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	4,859	4,404
Transfer to Major Repairs Reserve	8	-	-
HRA depreciation to Major Repairs Reserve	8	25,668	25,015
Amortisation of premiums		-	-
		<b>41,526</b>	<b>39,579</b>
<b>Net additional amount required by statute to be debited or credited to the HRA Balance for the year</b>		<b>2,060</b>	<b>9,554</b>

## Notes to the Housing Revenue Account

### 1 Dwelling numbers as at 31 March 2020

	31 March 2020	31 March 2019
Houses	11,271	11,338
Bungalows	1,077	1,084
Flats	14,485	14,515
<b>Total Dwellings held at 31 March 2020</b>	<b>26,833</b>	<b>26,937</b>

### 2 Rent and Rent Arrears

The total value of dwelling rents in 2019/20, less rent attributable to empty properties (voids), is £110m (£110.5m in 2018/19). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc:

	31 March 2020 £'000	31 March 2019 £'000
Former tenants	3,472	3,774
Current tenants	9,013	7,654
	<b>12,485</b>	<b>11,428</b>
<b>Balance Sheet Provision</b>		
Former tenants	3,056	3,121
Current tenants	6,549	5,693
	<b>9,605</b>	<b>8,814</b>

### Vacant Possession

The vacant possession value of dwellings as at 1st April 2020 was £4.794bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.678bn, a difference of £3.116bn. 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 2019/20 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

#### 4 Depreciation and Impairment

	2019/20 £'000	2018/19 £'000
<b>Depreciation</b>		
Operational Assets - Dwellings	25,158	24,538
- Other, including leased	510	477
	<b>25,668</b>	<b>25,015</b>
Intangible Fixed Assets	373	-
<b>Total depreciation</b>	<b>26,041</b>	<b>25,015</b>
Revaluation losses	5,123	1,190
Reversal of impairment losses	-	-
<b>Total depreciation and impairment</b>	<b>31,164</b>	<b>26,205</b>

#### Impairment

There was a loss on revaluation of £5.123m charged to the surplus on provision of Services (2018/19: £1.191m).

#### 5 HRA Share of Contributions to/from Pension Reserve

For 2019/2020 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.6m (2018/19 £2.3m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £9.8m (2018/19 (£8.5m). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £4.9m (2018/19 (£4.4m) with the net movement on the Pension reserves of £4.9m (2018/19 £4.1m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see note 32.

#### 6 Capital Expenditure and financing

Total expenditure during the year and its financing was as follows:

	2019/20 £'000	2018/19 £'000
<b>Expenditure</b>		
Dwellings	49,143	35,847
Other Assets	74	898
	<b>49,217</b>	<b>36,745</b>
<b>Financing</b>		
Usable capital receipts	12,523	3,951
Revenue contributions to capital	11,026	10,160
Major Repairs Reserve	25,668	22,634
	<b>49,217</b>	<b>36,745</b>

## 7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £12.5m (£12.4m in 2018/19). The receipts are summarised as follows:

	2019/20 £'000	2018/19 £'000
Receipts unapplied brought forward - 1 April	54,827	48,993
Right to Buy sales	10,188	12,274
Mortgage repayments	-	18
Disposal of Land and Buildings	171	107
	<b>65,186</b>	<b>61,392</b>
Allowable reductions		
Repaid to MHCLG	(2,113)	(2,614)
Capital receipts applied	(12,523)	(3,951)
Capital receipts applied to GF		
<b>Capital receipts unapplied carried forward - 31 March</b>	<b>50,550</b>	<b>54,827</b>

## 8 Major Repairs Reserve

	2019/20 £'000	2018/19 £'000
Balance brought forward - 1 April	<b>(3,606)</b>	<b>(1,225)</b>
Capital expenditure (dwellings)	25,668	22,634
Major Repairs Allowance set aside in year	(25,668)	(25,015)
Excess depreciation credited to Statement of Movement on HRA Balance		-
<b>Balance carried forward - 31 March</b>	<b>(3,606)</b>	<b>(3,606)</b>

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 £25.7m for 2019/20 (2018/19 - £25m). £25.7m was used to finance appropriate Housing Revenue Account capital expenditure.

## 9 Balance Sheet Value of Land and Houses, etc

	2019/20 £'000	2018/19 £'000
Dwellings	1,678,285	1,679,183
Land	38,722	30,794
Other assets	20,071	18,460
	<b>1,737,078</b>	<b>1,728,437</b>

## 10 Asset Split

	2019/20	2018/19
	£'000	£'000
Operational - dwellings	1,678,285	1,679,183
Operational - other land and buildings	52,282	42,005
Non-operational	6,512	7,250
Intangible	1,568	1,867
Other	3	2
	<b>1,738,650</b>	<b>1,730,307</b>



## 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 126,999 for 2019/20 (125,798 for 2018/19). 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 £1,982.11 for 2019/20 (£1,891.10 for 2018/19) 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 2019/20 Council Tax:

	BANDS									Total	
	A Entitled to Disabled Relief	A	B	C	D	E	F	G	H		
No of Properties	-	52,243	73,560	39,094	18,409	9,708	4,787	2,857	338	200,996	
Exemptions and disabled relief	-	29	2,570	1,335	1,323	1,175	971	176	36	7	7,608
Less Discounts		55	5,355	5,517	2,735	1,096	522	191	127	63	15,551
Total Equivalent Dwellings		26	44,318	66,708	35,036	16,138	8,215	4,420	2,694	282	177,837
Ratio		5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D Equivalents		15	29,546	51,884	31,143	16,138	10,041	6,384	4,490	565	150,206
Add Changes re: Additional Properties											1,760
Additional Exemptions											2,254
Council Tax Support											20,779
Adjustments to reflect Discretionary Discounts											
Rate of Collection 98.5%											1,934
Council Tax Base											126,999

### 3 Collection Fund balance sheet items have been apportioned as shown in the table below.

	Total	Bristol City Council	Police & Crime Commissioner	Avon Fire Authority
<b>Council Tax</b>				
	£'000	£'000	£'000	£'000
Debtors	14,590	12,447	1,613	530
Bad debt allowance	(9,668)	(8,248)	(1,069)	(351)
Prepayments and overpayments	(2,280)	(1,945)	(252)	(83)
Surplus/ (Deficit) at 31 March	1,695	1,446	187	62

	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
<b>Business Rates</b>					
	£'000	£'000	£'000	£'000	£'000
Debtors	4,195	3,943	210	42	
Bad debt allowance	(2,173)	(2,042)	(109)	(22)	
Prepayments and overpayments	(1,531)	(1,439)	(77)	(15)	
Appeals provision	(29,206)	(27,454)	(1,460)	(292)	
Surplus/ (Deficit) at 31 March	314	(666)	(59)	9	1,030

### 4 National Non-Domestic Rates (NNDR)

The Council collects NNDR for its area based on rateable values as determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was on 1 April 2017. The next revaluation is expected to be 1 April 2021, 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 2019/20 the non-domestic rating multiplier was 50.4p (49.3p in 2018/19) and the small business non-domestic rating multiplier was 49.1p (48.0p in 2018/19).

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 Councils 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 £224,484m for 2019/20 (£214,800m for 2018/19). The total rateable value at 31 March 2020 was £560,880m (£556.252m at 31 March 2019).

## **5 City Region Deal Growth Disregard**

From 2015/16, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise area and Enterprise Zone. The growth is transferred to the Council's General Fund before being pooled with other participating authorities.

### **City Region Deal**

#### **Background**

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2015. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

#### **Transactions**

Each participating Council pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the BRP, representing business rates collected in the Enterprise Areas in excess of an agreed baseline figure. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations and the BRPPA as:

- Tier 1: to ensure that no individual Council is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these are reflected under "Cash Transactions" in the table below. Expenditure and revenue recognised in the Council's CIES is also disclosed.

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
<b>Funds held by BRP at 1 April</b>	(29,086)	(7,720)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(28,172)	(9,047)	8,389	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	10,268	4,339	-	(4,339)
- BRP management fee	36	9	-	-
- EDF management fee	69	17	-	-
- Tier 2 EDF funding	2,362	466	-	(1,813)
- Tier 3 demographic and service pressures	2,834	767	-	(858)
<b>Funds held by BRP at 31 March</b>	<b>(41,689)</b>	<b>(11,169)</b>		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(38,840)	(10,436)	(2,791)	n/a
Committed cash (Tier 3)	(2,849)	(733)	n/a	n/a
	<b>(41,689)</b>	<b>(11,169)</b>		
<b>Expenditure/(Revenue) recognised</b>			<b>5,598</b>	<b>(7,010)</b>

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 £10,436m contributed by the council and held by the BRP is recognised by the council as a debtor and is held in a new 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 made one payment of £1.813m to Bristol City Council on behalf of the EDF in 2019/20 (2018/19 £1.033m.)

The Council itself has recognised revenue income of £7,010m (2018/19 £4.108m) from the BRP and expenditure of £5,598m (2018/19 £3.298m) to the BRP for the year.