



# Draft Statement of Accounts

Bristol City Council,  
for the year ended  
31 March 2021

(Subject to audit)

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



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## **GLOSSARY OF TERMS**

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

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

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

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

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

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

The actuarial assumptions have changed

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

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

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

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

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

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

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

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

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

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

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

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

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

**CASH AND CASH EQUIVALENTS** - Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to cash, for example bank call accounts.

**CODE** - The Code of Practice on Local Authority Accounting in the United Kingdom 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 to ascertain the number of band D equivalent properties in the authority’s area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Introduction

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



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

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

Highlights of our achievements over the last year include:

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

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

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

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

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

**Councillor Craig Cheney**

*Deputy Mayor – Finance, Governance, Property and Culture*



# Narrative Report

# Background

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

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

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

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

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

## COVID-19 Pandemic Impact and Response

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

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

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

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

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

- During 2020/2021 Bristol City Council provided £13.4m in coronavirus business financial support grants where the authority had a degree of discretion over the grants distribution. It also issued £131.8m in other coronavirus business support grants where it acted as a distribution point between central government and the recipients and had no control over the amount of grant allocated to each business. In the latter case the incoming and distributed monies are not included in the comprehensive income and expenditure statement in accordance with the Accounting Code of Practice.
- In addition, the Council has assisted 11,287 working households with up to £150 towards their council tax bills (this is in addition to our Council Tax Reduction Scheme, which provides up to 100% relief for those who are on welfare benefits). An additional £1m has been provided to boost the Local Crisis Prevention Fund, providing payments for immediate living expenses, household goods and assisting school age children regarding school uniform, activities and equipment during the year.

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

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

An award of £282k was made to 20 community organisations across the city in January 2021 to allow funds to go directly to

our most deprived communities. £40k was awarded to Bristol’s care leavers in December 2020 to give them some help with their food and heating costs. £608k was awarded to Bristol’s 15 foodbanks and Voluntary organisations that have supported those who are vulnerable during the pandemic.

- Our community work was recognised nationally as an example of best practice for COVID-19 vaccination take up. The vaccine community engagement plan increased uptake of the vaccine amongst communities with low levels of vaccine confidence and where there was strong anti-vaccine messaging. Several pop-up clinics were run in mosques and community centres with more than 450 of the most at risk individuals vaccinated at just one of the clinics.
- The Public Health team developed the Local Outbreak Management Plan which covered seven key themes: outbreak prevention and response, test, trace and isolate, communication and engagement, data, recovery, protection and enforcement and how the city deals with the ongoing challenge of COVID-19.
- COVID-19 enabled the city to reconsider how it uses road space. The council accelerated existing plans to close the centre of Bristol to through traffic enabling more reliable bus journeys and safer and more attractive walking and cycling routes.

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

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

# Our Services 2020/21

The following core services are provided by the council:

## Core Services:

### Adults, Children, Education and Public Health:

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

### Growth & Regeneration:

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

## Resources:

### Provides internal support services including:

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

## Ring-fenced Accounts:

### Housing Revenue Account:

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

### Dedicated Schools Grant including SEND:

- Grant funding the majority of the council's expenditure on schools and supporting children

with additional and special educational needs and disabilities (SEND). The grant can only be used to meet expenditure properly included in the schools budget.

### Public Health:

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

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

## Our Leadership and Workforce:

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

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

# Our Performance

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

## Key facts: Communities & living



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

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



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



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

## Key facts: Housing

**1,589** new homes built in Bristol in 2020/21 (**1,350** 2019/20)



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



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

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



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



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

## Key facts:

### Adult Social Care

**4,090**

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



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

# Our performance

## Key facts: Culture & Creativity

**33%** participate in cultural activities at least once a month  
(**43%** 2019/20)



## Key facts: Education

**78.9%** rated as Good or Better for overall effectiveness  
OFSTED (March 2021)



## Key facts: Transport and sustainability

Number of people who ride a bike at least weekly **28%**  
(**27%** 2019/20)



**32** bus journeys



per head of population in 2020/21  
(from **87** in 2019/20)

**122.5kg** of waste per household was landfilled in 2020/21



compared with **129kg** in 2019/20



**45%** of all household waste was sent for reuse, recycling and composting in 2020/21  
(**46.8%** 2019/20)



Citywide CO2 emissions have decreased by

**42%**  
(2005-2019)



## Key facts: Economy & employment

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



### Average earnings



(**£30,400** in 2019)



# Financial Performance

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

## Revenue Financial Summary 2020/21

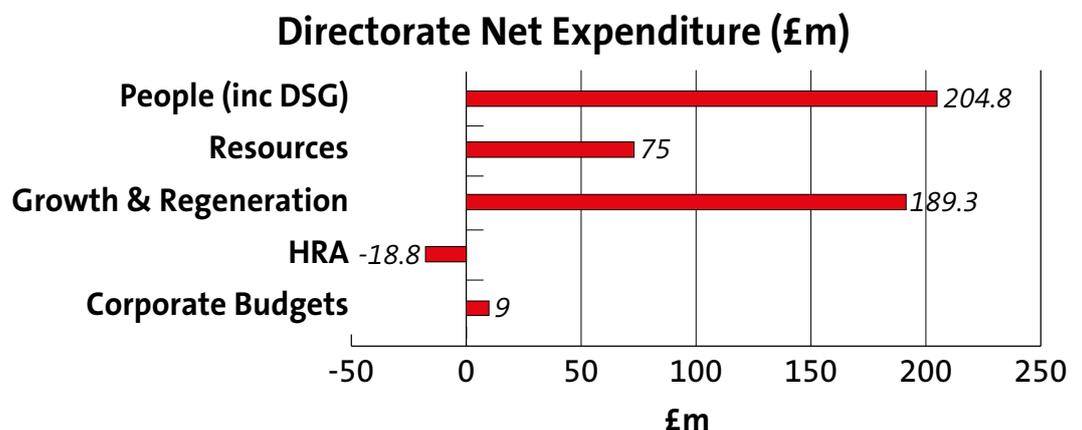
Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves.

The net General Fund outturn is £450.6m and in the context of the original budget/funding set in February 2020 (£395.7m) presents an in-year overspend of £55m. This takes into account the gross Covid-19 pressures of £74.7m and a surplus on non-Covid activities of £19.7m at year-end.

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

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

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



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

# Financial performance

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## Sources of Funding

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

The Council collects £134.7m of business rates of which £118.9m (net of reliefs) is retained in year by the Council. This is also net of the tariff of £84.6m which the Council returns to central government and £12.6m transferred to the Avon Fire Authority and the West of England Combined Authority.

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

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

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

## Reserves

Useable reserves have increased overall by £161m. This is largely because of Covid related funding received in 2020/21 but required for use in 2021/22. £83.1m of this is grant for the business rates relief for retail hospitality and leisure which will be directly required to offset losses in the collection fund carried forward into 2021/22. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2020/21 are charged to the General Fund in future years. Further Covid funding of £26m, received in 2020/21 has also been carried forward to manage the pandemic over the medium term and meet future commitments.

Other significant contributions to reserves during 2020/21 include

- Housing Revenue Account (HRA), additional contribution of £19m largely from increased rental income, reduced capital financing requirement, and reduced response and planned maintenance due to lockdown.
- Climate change reserve of £4m.
- Goram Homes investment of £4.5m.
- Increase to the General Fund reserve of £18m.

# Financial performance

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## Dedicated Schools Grant

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

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

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

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

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

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

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

**Schools Reserves** – Individual Schools Balances at the end of March 2021, overall school's revenue balances have decreased by £1.730m from £8.910 to £7.180m. Conversely, because of the pandemic capital balances have increased by £0.395m to £3.080m.

# Financial performance

## Capital Investment

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

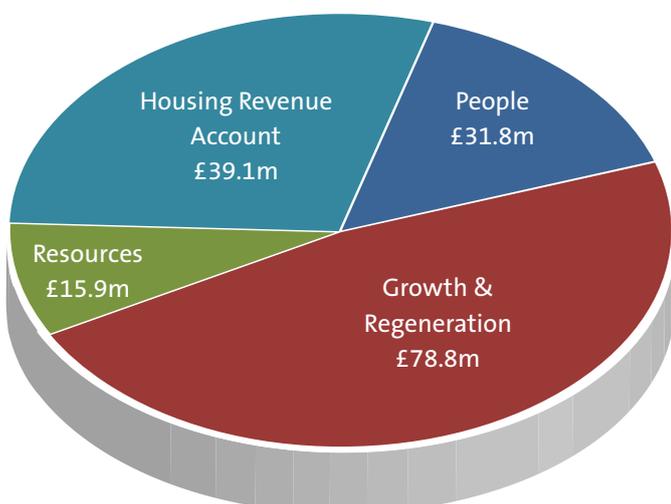
### The major areas of investment have included:

- £39.1m invested in the Council’s housing stock (of which £17m was on new build developments).
- £27.5m invested in school buildings to provide additional pupil capacity to meet increased demand, the main spend incurred on Trinity Academy, KnowleDGE 6th form, Kingsweston and Perry Court Academy.

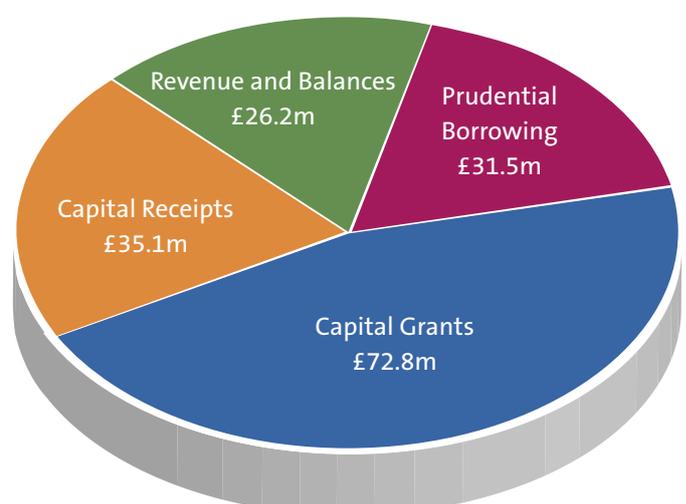
- £23.5m invested in transport schemes including Streetspace improvements, Electric charge points, Flood defences, Carpark buildings, Traffic infrastructure and maintenance.
- £20.1m invested in a significant refurbishment programme of the Bristol music venue, Bristol Beacon.
- £14.3m invested in ICT development improvements and equipment as part of the transformational programme and city-wide digital network upgrades.
- £13.9m invested in housing enabling work to accelerate the affordable provision including Airport Road development, Hengrove, Lockleaze and Southmead regeneration programmes.
- £3.7m invested in a significant programme to improve flood defences and ecological infrastructure in the Avonmouth and Severnside enterprise area, working in partnership with South Gloucestershire Council and the Environment Agency.
- £3.6m invested in housing adaptations and assistance programme.

The Council holds £3.33bn of fixed assets, comprising £2.779bn of operational assets for delivering services, £207m of Heritage Assets for cultural benefit and £344m of non-operational assets.

### Capital Investment



### Capital Financing



# Financial performance

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## Service Investments

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

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

## Housing Revenue Account (HRA)

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

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

## Treasury Management

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

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

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

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

# Financial performance

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## Pensions

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

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

The current funding level is an estimated 97%. Employers are paying additional contributions over a period of 14 years to meet the shortfall.

The pension fund is revalued every three years. The most recent valuation, effective 1 April 2020, set contribution rates for three years, with the next valuation due in 2022, any impact of the value of the deficit and changes in deficit repayment level or duration will be reflected from 1 April 2023. An interim valuation is being undertaken to give a better understanding of the risks of the deficit to help manage over the medium term.

## Contingencies

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

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

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

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

When this is combined with current unprecedented economic and financial uncertainty there will undoubtedly be risks inherent in the budget process and it is important that these are identified, mitigated and managed effectively. These are outlined in depth in the MTFP but some of the key financial planning risks that may affect the projections over the medium term and delivery of a balanced budget include uncertainty in relation to the prolonged pandemic, its severity and the impact on economic recovery, ongoing demand and

cost of social care for both Adults and Children, the achievement of the Council’s current and future year’s budget savings in both their timing and income target and the potential risk of overspends on major capital projects.

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

## Key Risks

Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the council achieving its priorities and objectives and a key element of the council’s governance framework. Risk Management is an integral part of good governance to which the

Council is committed and provides the framework and processes that enables the Council to manage uncertainty in a systematic way.

Key non-financial risks identified in 2020/21 include delivery of the Council’s capital programme, provision of enough affordable homes to meet the City’s needs, safeguarding venerable children and delivering suitable planning measures to respond to emergencies as they occur.

All risks are monitored, and the Audit Committee receives updates on risks and their management actions on a quarterly basis. The last Corporate Risks Register went to Audit Committee on the 26 July 2021, details of which can be found on the Councils Internet page (Public Pack) Agenda Document for Audit Committee, 26/07/2021 15:00 (bristol.gov.uk).

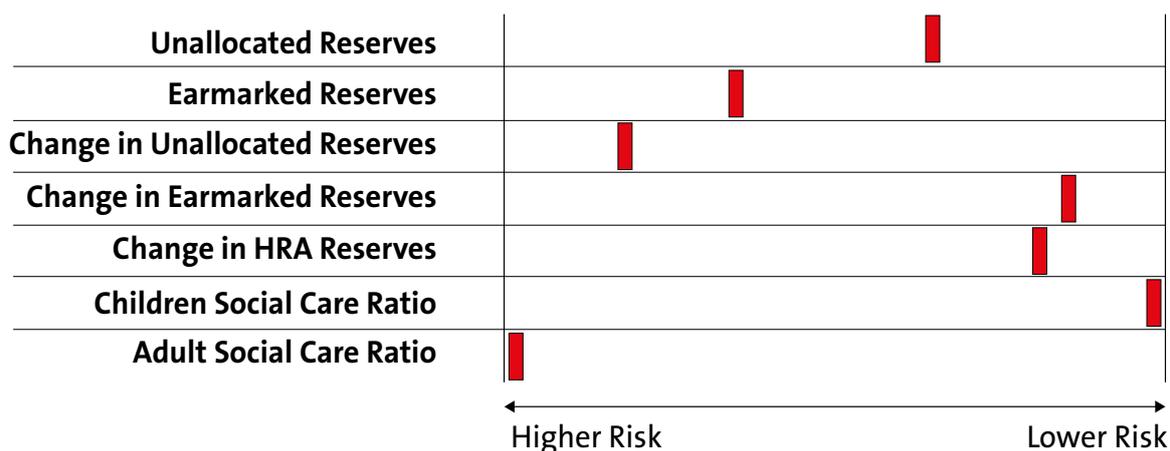
## Governance

Details of the Council’s governance arrangements can be found in our Annual Governance Statement, which is provided with these financial statements.

## Financial Health Indicators

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

### Indicators of Financial Stress - Results Breakdown



## The Statement of Accounts

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

### The Core Statements are:

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

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

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

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

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

## Group Accounts

The Council operates through a variety of undertakings, through either majority shareholding (subsidiaries) or in partnership with other organisations.

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

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

### Bristol Energy (BE 2020)

In June 2020 the Council took the decision to progress the accelerated sale of the Council’s interests in Bristol Energy, which included its commercial and residential customer books. In August 2020 the commercial customer book and associated assets were sold to Yu Energy (this sale included such things as customer contracts, employees, all debit and credit balances and the estimated 2021 associated Renewables Obligation Certificate (ROC liability) and in September 2020 the residential book and associated assets acquired by Together Energy (this sale included, items such as customer contracts, employees, fixed and moveable assets and business records including intellectual property rights, supported by Parent Company Guarantees).

Certain assets and liabilities were excluded from the commercial and domestic sales. They included, for example, certain employees and associated assets required to assist in the wind

down and any ROC liability for 2020 and/or 2021 which was not agreed as part of the transfer to a buyer. These elements remained the responsibility of BE and will unwind in the period prior to the agreed exit.

The residual company was renamed BE 2020 Limited and the Council granted an indemnity of up to £7.3m, to cover all liabilities which may fall due as a consequence of the sale and planned orderly winding up of BE 2020. Progress continued through the year towards supporting the delivery of a solvent winding-up BE 2020, and in June 2021 BE 2020 entered into a members' voluntary liquidation process.

The Council has invested £36.5m in Bristol Energy Limited between the 2015/16 when it was agreed to be established, and 2019/20 financial years. As at the 1 April 2020 this investment had been written down to £1.4m. During 2020/21 this residual investment was further written down to zero in the Council's accounts (note 9 in the accounts).

In association with the indemnity agreement (up to £7.3m), during the 2020/21 financial year the Council made a payment of £2.7m to Bristol Energy for costs associated with the

winding up of the company and has created a provision (note 32 in the accounts) at the end of the year of £3.9m for further liabilities (included in the £7.3m). The winding-up process continues which may result in positive or adverse movements and should the totality of the indemnity be called upon the total loss associated with BE 2020 would be £43.8m (the ordinary and preference shares £36.5m plus £7.3m indemnity).

As the purchase of shares is classified as capital expenditure it is funded at the point of purchase. Any downward valuation (impairment) is initially recognised in the Comprehensive Income and Expenditure Account (CIES) (see note 9) to comply with accounting practice but is then reversed out through the Movement in Reserves Statement and charged to the Capital Adjustment Account (CAA), a non-useable reserve (see note 33).

The total investment and indemnity has been funded from an earmarked revenue reserve. As such the accounting treatment does not require any changes to the Council's core general fund revenue budget.

## The Supplementary Financial Statements are:

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

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

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

**Denise Murray**

**Director of Finance  
(Section 151 Officer)**

# Statement of Responsibilities

## The Authority's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

## The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Certificate of the Director of Finance

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

***Denise Murray***

Denise Murray  
Director of Finance (Section 151 Officer)  
8 March 2022

## **Independent Auditor's Report (To Follow)**



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# ***ANNUAL GOVERNANCE STATEMENT***

## ***2020/21***

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

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## 1. Introduction

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- 1.1 Like all local authorities, Bristol City Council is responsible for ensuring that:
  - business is conducted in accordance with all relevant laws and regulations
  - public money is safeguarded and properly accounted for
  - resources are used economically, efficiently, effectively and equitably to deliver agreed priorities and benefit local people.
- 1.2 The Chartered Institute of Public Finance and Accountancy /Society of Local Authority Chief Executives (CIPFA/SOLACE) Delivering Good Governance in Local Government Framework (2016) also expects local authorities to put in place proper governance arrangements to ensure that these responsibilities are being met.
- 1.3 Bristol City Council has approved and adopted a Code of Corporate Governance (Code) which is reviewed periodically. The Code was updated and approved by the Audit Committee in March 2021 and is consistent with the principles of the CIPFA/SOLACE Framework. The Code sets out the framework for ensuring each of the core principles of good governance is met by the Council.
- 1.4 This Annual Governance Statement (AGS) explains how well the Council has complied with the Code and provides an overview of how the Council's governance arrangements have operated during 2020/21 and up to the date it is signed. It also meets the requirements of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS in accordance with proper practice in relation to internal control.
- 1.5 We also have a duty to continually review and improve the way we work. In demonstrating compliance with the Code, we have also reflected on the governance improvements we have made during the year.

## 2. Conclusions and Statement of Commitment

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- 2.1 Good governance is about ensuring that an organisation is effectively and properly run. It is the means by which the Council shows it is taking decisions for the good of the people of Bristol, in an inclusive and open way. It requires standards of behaviour that support good decision making, collective responsibility, individual integrity, openness, and honesty. It is fundamental to showing that public money is well spent, as without good governance the Council will struggle to improve services and deliver its objectives. The Council's Code details the measures in place to ensure effective governance across the Council.
- 2.2 2020/21 has been an exceptional year with unprecedented level of uncertainties attributed to the coronavirus pandemic and these have led to substantial impacts for the City and the Council. These have included implications for provision of services, our workforce, and our financial position. Effective leadership and governance of the response and recovery have been critical. Plans are being delivered which now focus on the city's longer-term recovery, including its economy, residents, and communities. The pandemic will have profound structural effects on the economy and labour market as the crisis continues to speed up existing trends such as the move to more online activity, whilst seeing growth in newer trends such as more people working from home
- 2.3 In addition, the UK withdrawal from the European Union has and will continue to affect most of those sectors / services that rely on cross-border trade or resources. Dealing with either of these shocks in isolation would be difficult for many organisations and dealing with both simultaneously has been extremely challenging. UK regulatory guidance was revised at pace and as such the evolving situation posed some practical challenges in terms of governance, transaction execution, statutory

compliance, and heightened risk of fraud. Several responses, recovery and renewal strategies and policies were implemented in 2020/21 such as business support policies, the Local Outbreak Management Plan, the updated Bristol City Council Business Plan 2020/21 and the One City: Economic Recovery and Renewal Strategy.

- 2.4 Arrangements were put in place to effectively engage with businesses and communities in managing and disbursing discretionary coronavirus support schemes earmarked for those businesses and individuals affected by the shock. The Council's Internal Audit service has worked with the Council to ensure that awareness of fraud risk and appropriate systems of governance and internal controls have been maintained despite the changes in processes necessary to provide local people and businesses with rapid and effective support. In addition, there was regular engagement with government departments such as Ministry of Housing, Communities and Local Government (MHCLG) and Treasury as well as frequent reporting to grant awarding bodies and elected members. Consequently, some of the Council's governance arrangements were changed to enable an effective response and these are detailed in this statement.
- 2.5 The Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. From the review, self-assessments, work undertaken, and on-going monitoring supported by the work of Internal Audit, to the best of our knowledge, the governance arrangements are generally working as expected. The Chief Internal Auditor has provided reasonable assurance that in 2020/21 the Council's systems of internal control, governance and risk management were adequate and operating effectively albeit with improvement needed in certain areas. In acknowledging this positive trajectory, we recognise the challenges in sustaining the improvements made and ensuring that the focus remains on making sure our arrangements remain fit for purpose and resilient moving forward.
- 2.6 The significant governance issues identified as part of this review and the actions being taken to address them are detailed in section 7.

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

### 3. Governance Framework

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- 3.1 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 3.2 The approach to governance takes account of the environment in which the Council now operates; its aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

- 3.3 The Council’s constitution is updated periodically and sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees, and community councils. Decision-making powers not reserved for the Mayor and / or councillors are delegated to chief officers and heads of service. The Monitoring Officer ensures that all decisions made are legal and supports the audit and value and ethics committees in promoting high standards of conduct amongst members.
- 3.4 All Members have an important role to play in representing their constituents, as well as acting together as the Council. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member. Members and Officers should work in an atmosphere of mutual trust and respect. Members determine the Council’s policies and Officers are responsible for implementing decisions taken by the Council, Mayor, Cabinet and/or the appropriate committee as well as taking decisions delegated to them under the Scheme of Delegation. Committees review and scrutinise decisions. They cannot start or stop executive action but can challenge reasonably, holding Members and officers to account. In discharging these duties all parties should act in an open, honest and transparent manner. The Council must seek to ensure that the highest standards are met and that governance arrangements are not only sound but are seen to be sound.

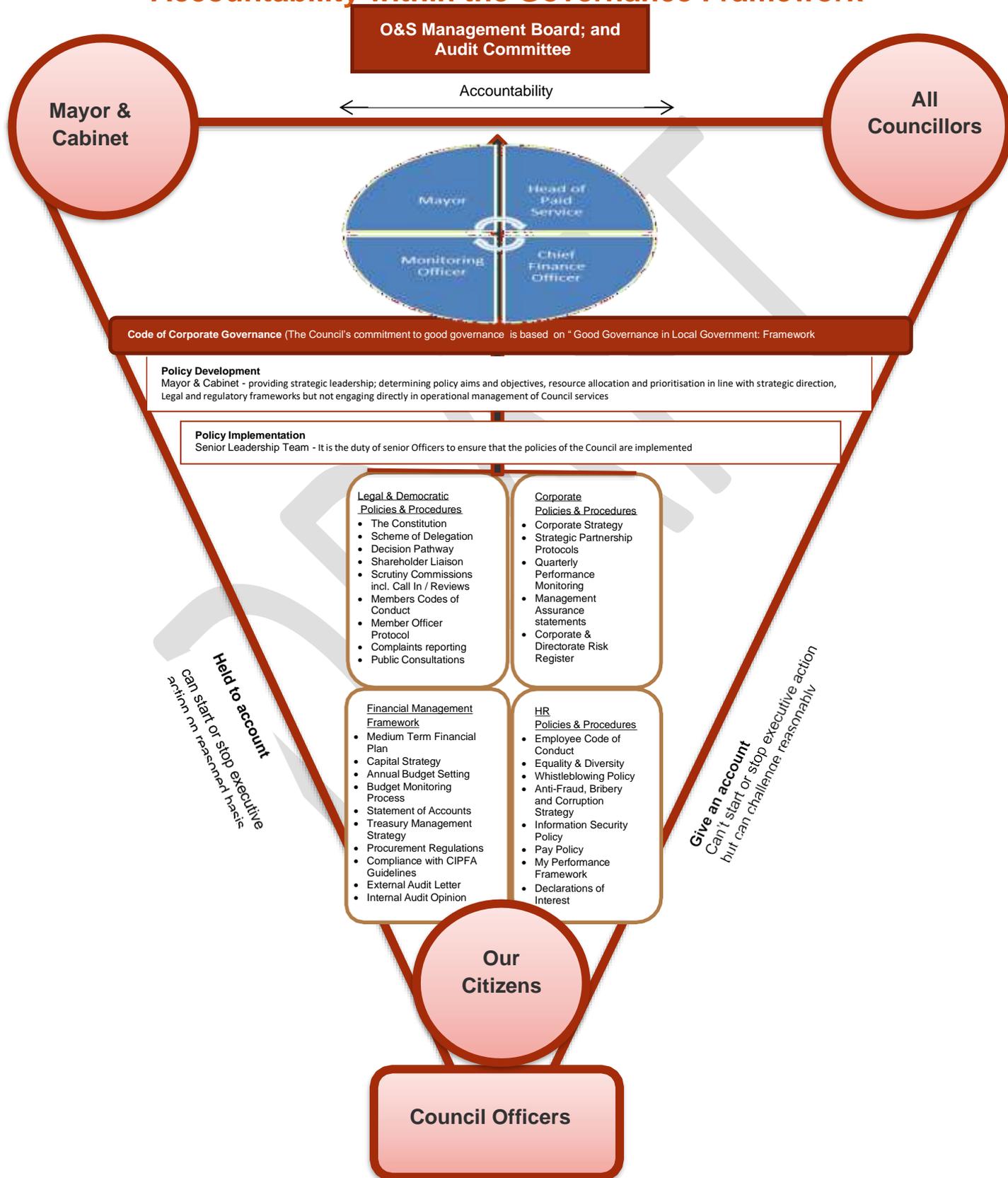
**Committees and Boards:**

Scrutiny Commissions	Regulatory Committees:	Other Committees:	Partnership Boards:
<ul style="list-style-type: none"> <li>• Overview and Scrutiny Management Board</li> <li>• Communities</li> <li>• Resources</li> <li>• People)</li> <li>• Growth &amp; Regeneration</li> </ul>	<ul style="list-style-type: none"> <li>• Development Control</li> <li>• Licensing</li> <li>• Public Rights of Way and Green Space</li> <li>• Public Safety &amp; Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Audit (including a Values and Ethics sub committee)</li> <li>• HR Committee</li> </ul>	<ul style="list-style-type: none"> <li>• One City</li> <li>• Bristol Homes</li> <li>• Health &amp; Wellbeing</li> <li>• Learning City</li> <li>• Children’s and Adult’s Safeguarding</li> </ul>

- 3.5 Legislation requires that certain functions be exercised by a ‘proper officer’. The functions of the **Mayor, Executive, Head of Paid Service, Chief Financial Officer (s151 Officer), Monitoring Officer and the Statutory Scrutiny officer** are outlined in the Council’s constitution.
- 3.6 The **Overview and Scrutiny Management Board and its scrutiny commissions** scrutinise decisions made by the Cabinet, and those delegated to officers, and review services provided by the Council and its partners. The scrutiny officer promotes and supports the Council’s scrutiny functions.
- 3.7 The Council has established the **One City Structure**. The purpose of this is to support delivery of the **One City Plan** and enable cross sector engagement with a wide range of city partners.
- 3.8 The **West of England Combined Authority (WECA)** is a separate legal entity, made up of three local authorities and West of England elected Mayor, working in partnership to deliver the region’s transport, housing, adult education and skills and wider economic growth. Scrutiny and Audit Committees have been established to scrutinise and hold to account the Combined Authority and West of England Mayor. Decision making timetables between WECA/Joint Committee and the Council have been aligned with the Council’s own decision pathway.
- 3.9 **Council Owned Companies:** The Council wholly owns Bristol Holding Limited which is the parent company of Bristol Waste Company, BE 2020 Ltd (formerly Bristol Energy Ltd), Goram Homes and

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

## Accountability within the Governance Framework



## 4. Principles of Governance – Assuring Compliance

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

Core Principle	Governance in Action (2020/21)
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• The Council’s constitution sets out how the Council operates, how decisions are made and the policies and procedures in place which provide a robust framework for decision making. The Constitution is reviewed periodically with Audit Committee approval of proposed updates in March 2021.</li> <li>• The Monitoring Officer has oversight of decisions through the Decision Pathway and the legal service is consulted on the legal implications of all reports to ensure compliance with all relevant laws and regulations.</li> <li>• The Council’s Corporate Strategy sets out the values and behaviours it expects from its employees. Managers are required to review performance against the values and behaviours as part of the individual performance management framework.</li> <li>• During 20/21 the Council updated its Equality and Inclusion Policy and Strategy with unanimous Full Council approval, establishing new targets and measures related to equality, diversity and inclusion practice. This is supported by an Advancing Equality and Inclusion Action Plan agreed by Cabinet, with progress monitored as part of a new internal governance structure for equalities, led by a Strategic Group chaired by the Chief Executive. A significant number of employees and managers have completed core equality and inclusion learning programmes and a dedicated equality and inclusion section is included in the corporate induction. Hiring managers have had refresher recruitment and selection training, with a focus on unconscious bias and trained diverse recruiters are now in place.</li> <li>• Codes of conduct are in place for staff and Council Members which set out the standards of conduct expected and require declarations of interests, gifts and hospitality to be made. Minutes of meetings record declarations of interests by Councillors. An overview of complaints received about Members conduct, and action taken to resolve them, was provided to the Value and Ethics Sub-committee in March 2021.</li> <li>• Whistle-blowing arrangements were revised from April 2020 following previous concerns that staff did not have confidence in them. New arrangements have developed and successfully embedded throughout the year as confirmed by an independent review of these arrangements which was reported to Audit Committee in March 2021.</li> </ul>
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> <li>• Our Communications Strategy 2019/2023 sets out our ambitions to enable strong communications within the council and form better relationships outside of the Council with our partners and the communities we serve.</li> <li>• Participative democracy was successfully trialled by way of Citizen’s Assembly, seeking public views on key strategic issues arising from COVID-19-19 and recovering from the pandemic.</li> <li>• An updated Partnerships Policy and Toolkit was completed. Continued internal communication to formally launch and embed these, including a refresh of the Council’s register of partnerships is planned for Q1-Q2 21/22.</li> <li>• Western Gateway: A Governance review has taken place, a Partnership Board has been set up along with governance arrangements, and a secretariat</li> </ul>

	<p>established. This has enabled the effective operation of the partnership, with assurance provided by the Government's decision to invest a further £800k supporting its development in 2021/22.</p> <ul style="list-style-type: none"> <li>• The One City Approach and its associated governance framework has included public, minuted meetings of its Thematic Boards, and has enabled frequent informal engagement and alignment of city activity in responding to the pandemic.</li> <li>• A cross-party and multi-agency Local Engagement Board was established to oversee public communications and engagement relating to the Local Outbreak Management Plan for COVID-19.</li> <li>• Whilst not in place for 2020/21, the Council has recognised the benefits of a Consultation and Engagement Strategy which is a priority for development in 2021/22.</li> <li>• Forward plans are published on a monthly basis for Mayoral and Cabinet decisions.</li> </ul>
<p>C. Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> <li>• The Corporate Strategy sets out our contribution to the City and sets out the key priorities for 2018 – 2023. Annual Business Plans set out the most important actions we need to take each year to achieve the Corporate Strategy.</li> <li>• During 2020/21 the Council updated its Business Plan in-year to account for COVID-19 response and recovery, with outcomes and milestones tracked through Executive Director Meetings.</li> <li>• New city-wide strategies for tackling the Climate Emergency and Ecological Emergency - co-produced in a One City Approach with partners - were published.</li> <li>• Re-certification of our Environmental Management systems (ISO 14001) was achieved and a carbon disclosure project assessment concluded that our plans to reduce Climate impacts are strategic, holistic ambitious but realistic.</li> </ul>
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> <li>• Key interventions are determined through the annual Business Planning cycle and its accompanying Performance Framework development, with assurance provided through senior officer and political review and approval of all Service Plans and Director Summaries, plus Corporate Leadership Board approval and Cabinet noting of the final corporate Business Plan.</li> <li>• During 2020/21 work has been undertaken to strengthen the Council's technological foundations for data analytics and insights, enabling more powerful and insightful use of data and evidence to inform decision making and help determine interventions. This is a developing area, with a pilot complete in Children and Families Services and more planned. A Data, Insights and Information strategy is planned for 2021/22.</li> <li>• Issues have been identified through internal review by the Equality and Inclusion team of Equalities Impact Assessments, with a refreshed system and process devised and plans to retrain officers undertaking the assessments. The process has been approved, launched and will now following training of officers need to be more fully embedded within Decision Pathway considerations in 2021/22.</li> <li>• External assurance on Equality and Inclusion interventions and progress was sought by participation in the Local Government Association's Equality Framework for Local Government peer challenge in Q4 2020/21.</li> </ul>
<p>E. Developing capacity including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> <li>• Work was completed to refresh the Workforce Strategy, and this is now in place for 2021/22. Actions are included in respect of; equality, diversity and inclusion gaps that will be addressed, the future supply of skills and professions mapped against demand, areas where job or service redesign is needed to help us deliver our priorities, the type and level of skills needed for the future, how we attract, retain and develop talent within the organisation.</li> </ul>

	<ul style="list-style-type: none"> <li>• The focus during 2020/21 has been on the response to the COVID-19 pandemic, redirecting our resources and reprioritising our work to ensure we keep our staff and the people of Bristol safe whilst continuing to keep essential day to day services running.</li> <li>• A strategic Client to support the Council's shareholder executive and governance arrangements around the council's companies has been created.</li> <li>• A Strategic Partnering business model has been introduced to support capital programme delivery.</li> <li>• The Council has prepared a comprehensive Member Development Programme in 2020/21 with a range of training and induction programmes for all councillors which is being progressed following the May 2021 elections.</li> <li>• The Leadership Framework has been used to support the recruitment and selection of senior leadership roles, it's also woven into performance review for managers to help them reflect on their management practice.</li> </ul>
<p>F. Managing risk and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> <li>• An approved Performance Framework is in place, aligned to the approved annual Business Plan (and onward to the Corporate Strategy). This is robustly reported through management meetings including Executive Director Meetings and Corporate Leadership Board, with reporting of key indicators on to Cabinet. Accompanying Scrutiny of divisional level measures takes place via Scrutiny Commissions, and of corporate measures via Overview and Scrutiny Management Board. Accompanying Scrutiny of divisional level measures takes place via Scrutiny Commissions, and of corporate measures via Overview and Scrutiny Management Board.</li> <li>• New procurement rules have been developed and launched in January 2021 with ongoing work to strengthen contract management arrangements.</li> <li>• The financial approach of managing the pandemic is a one-off shock with a medium-term impact and new funding and reserves managed accordingly. Clear financial protocols and procedures were in place to ensure there was consistency, transparency, and accountability in the use of public funds.</li> <li>• All service, directorate and corporate risks are reviewed regularly in line with the risk management policy. A new risk management system (Pentana Risk) has been procured and is being implemented which will improve the monitoring of progress being made in relation to timely delivery of key mitigating actions</li> <li>• The Council has updated relevant data protection policies and procedures and to ensure on-going compliance, recommendations from a range of data protection focussed internal audit work will be taken forward as part of GDPR Phase II project in 2021/22 to enhance compliance with this principle.</li> </ul>
<p>G. Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> <li>• Processes were implemented to transparently account for additional government funding received and emergency support being provided in response to the pandemic. Internal Audit assurance work is underway to confirm the effectiveness of those new processes</li> <li>• Corrective action arising from the Value for Money reports by the External Auditors has been acted upon and appropriate action is being taken to implement recommendations.</li> <li>• Automating management action tracking of agreed actions following internal audit review has enabled high level focus to improve the extent to which improvement actions are implemented.</li> <li>• Root cause analysis of the Chief Internal Auditors previous 'limited assurance' opinions enabled management to recognise the need to prioritise resources towards achieving the Council's highest priorities whilst also ensuring there is capacity to drive the enabling activity that will improve the Councils governance, risk management and internal control arrangement,</li> </ul>

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|  | <ul style="list-style-type: none"> <li>• Accountability for progress in relation to the SEND Written Statement of Action is through reporting to the bi-monthly, multi-agency SEND Improvement Board and via the Council and CCG governance. This board is independently chaired by a member of the Local Government Association and membership includes the Cabinet lead member for Children’s Services and the Director, Legal and Democratic Services.</li> </ul> |
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## 5. Impact of COVID-19 on our Governance Arrangements

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- 5.1 The context of the 2020/21 Annual Governance Statement is unprecedented. During March 2020, the coronavirus pandemic (COVID-19) started to significantly impact the UK and continued throughout the year resulting in the need to deliver services through three national lockdowns and many other restrictions which have significantly impacted the way people live and work.
- 5.2 A Major Incident was declared and the Council focused on health response to the pandemic, business continuity and crisis management, directors needed to be in a position to make effective and swift decisions and complete transactions in an environment of limited access to original documents and information.
- 5.3 The Council moved to Gold Command and Control arrangements and streamlined their decision-making processes to respond quickly and effectively to situations as they arose.
- 5.4 The organisation responded swiftly and altered its governance structure to facilitate an appropriate response and enable frontline services to be maintained by adapting the way they were delivered. Staff were redeployed across the Council to assist with the response. Providing access to rapid testing and vaccinations for key workers has been a key resilience issue for the Council with health and social care workers prioritised over other frontline workers.
- 5.5 Other examples of changes to the governance arrangements included the following:
  - Elections due in May 2020 were postponed in line with government direction. Through the year, planning commenced for COVID-19 compliant elections in May 2021 for Bristol City Council Ward Councillors, the Elected Mayor, the WECA Mayor and the Police and Crime Commissioner.
  - Virtual meetings of Cabinet and committees were introduced as soon as possible after the secondary legislation to permit this was approved. Some meetings, for a short period prior to the legislation and technological support, were postponed. In addition, the roll-out of new technological solutions to support remote working during the pandemic was done through a risk-based approach, i.e. What’s App, Zoom meetings. These systems are now under review as part of planning for post pandemic working.
  - A multi-departmental Communications Cell was established under the Director: Policy, Strategy and Partnerships to join-up all facets of internal, public, stakeholder, governmental and media communication with a clear single-line-of-sight approvals process.
  - The Council’s constitution and scheme of delegation for finance already provided for the Head of Paid Service or Section 151 Officer in consultation with Mayor or Deputy Mayor for Finance, Governance and Performance to make decisions on amounts up to £2m on matters requiring immediate action or in an emergency. Cabinet approved an extension and expansion of existing emergency decision making powers to enable urgent decisions to be made with retrospective reporting to the Mayor and relevant Executive Member. This included incorporating emergency funding received into the Council’s budget.

- A number of our policies and procedures were amended to ensure that communities, business and individuals were supported through the pandemic. Examples include:
    - Extending the Local Crisis Prevention Fund policy
    - Introducing greater flexibility in procurement and contracting protocols
    - Accelerating payment times to support suppliers and providers
    - Relaxation of end stage debt collection measures
    - A Trust and Protect Policy to balance expedience of support payments and the need for prepayment entitlement and fraud checking
    - Relaxing of sickness absence policy trigger points in relation to absence due to COVID-19, support to individuals with care responsibilities, introduction of a casual worker retention scheme
    - Facilitation of homeworking on a significantly larger scale than experienced pre COVID-19.
    - A streamlined approach to equalities impact assessments.
- 5.6 A COVID-19 specific risk register was maintained to manage risks of operational response delivery. Additionally, the Corporate external / contingency risk BCCC3: COVID-19 reflects the positive action and pace of change the Council has adapted to delivering its services. This risk is being overseen in line with the regular reporting to the Corporate Leadership Board.
- 5.7 Comprehensive guidance and support on managing workplace risks in all settings regarding COVID-19 was developed by the Corporate Health and Safety team. A Vulnerable Persons Risk Assessment for staff in at risk groups was also developed and regularly refined to support staff as well. Assurance of practice was provided by the HSE who made unannounced visits to many Council sites to inspect compliance with COVID-19 guidance. No improvement notices or prohibition notices were issued.
- 5.8 The pandemic has had significant and far reaching implications for the Council and the City, and the consequences – both direct and indirect – will continue for many years to come. Working with its partners, the Council continues to address the challenges brought by the pandemic and is responding with innovative solutions, as well as considering the needs of recovery and renewal. As the year progressed, the focus has moved from response to the pandemic to a recovery phase. The pandemic has taught us that services can be delivered effectively in different ways and lessons learned are now informing our strategies moving forward. The recovery will take time and will require a coordinated response to be effective. It will require strong leadership and effective collaboration with partners in the public sector, the health sector, the voluntary sector, the private sector, the academic sector and the community. Given the uncertainty of the pandemic, any recovery arrangements need to be flexible and will be regularly reviewed to ensure recovery enables a continued ‘response’ for as long as necessary, reflects changes in community need, accounts for emerging government policy and macro-level impacts, such as changes to global economies, that resonate locally.
- 5.9 The pandemic has had material effects on the Councils’ budgets as a result of increases in spending on local services and reductions in income from sales, fees and charges and commercial activities. The crisis will cast a longer shadow (over the medium term) on Councils’ finances, reductions in council tax and business rates revenues collected and ongoing business and community grant support.

## 6. Review of Effectiveness

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- 6.1 The Council's Code of Corporate Governance sets out the arrangements that will support political and officer leadership with developing and maintaining robust governance arrangements across the whole governance system including partnerships, shared services and alternative delivery vehicles. The Code is based on a best practice framework and centres around 7 core principles of good governance.
- 6.2 The review of effectiveness considers compliance with and effectiveness of the arrangements detailed in the Code. It is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

### First Line Assurances - Management Self Assurance is provided:

- 6.3 **Bristol City Council Management:** An annual management self-assurance statement signed by Executive Directors, Service Directors and Heads of Service was obtained in March 2021 confirming that key elements of the governance framework were in place and operating effectively. This has confirmed good compliance rates in respect of requirements of the Code of Conduct, schemes of delegation and decision-making processes as well as well as understanding of procurement and financial regulations. A comparison with the previous year returns has indicated a positive trajectory with improvement in all areas included in the self-assessment questionnaire. In the main, governance processes have operated as intended across the Council. Whilst the review did not identify any significant governance failings, compliance in a few operational areas was identified as needing improvement:
- **Completion of Mandatory Training** - Managers were not consistently able to provide assurance that mandatory training had been completed, either because training was not completed or because training records were not available to provide that assurance. A new system is currently being implemented to help remedy this.
  - **Risk Registers** - Whilst risk registers are generally in place and regularly reviewed for services, some managers reported that the process of managing risks needs to embed before risk management is effective in their areas. Implementation of Pentana Risk Management system should help to improve this.
  - **Business Continuity Planning** - Plans are in place for the majority of services but there was recognition that they will need to be reviewed following the pandemic and the changes in the workplace resulting.
  - **Demonstrating Value for Money** - Inconsistency in confidence in demonstrating value for money outside procurement processes was reported.
- 6.4 **Council Companies Assurance:** Assurance statements based on the model used by Council managers have been completed by senior executives from Bristol Waste, Goram Homes, Bristol Heat Networks and Bristol Holding Ltd. Following the decision by Cabinet on 2<sup>nd</sup> June 2020 to progress the sale, BE 2020 Ltd is no longer an active member of the group of companies. The returns have identified good arrangements in many key areas across the group acknowledging that the arrangements for Bristol Heat Networks are in development as the newest company to the group. A prioritised schedule of all entity and group wide corporate governance policies for completion during the 2021/22 financial year has been identified to strengthen governance across the group including those in relation to data protection and information security. Reviews of financial and procurement regulations across the group are also planned.

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

## Second Line Assurances – Oversight and Monitoring Functions Assurance

- 6.7 Assurances are sought from statutory officers and other 'oversight' functions in completing the review.
- 6.8 The Council's **Monitoring Officer** has legal responsibility to look into matters of potential unlawfulness and has confirmed that there has not been the need to make a report concerning any proposal, decision or omission, that would give rise to unlawfulness or maladministration during the year. Decisions have been made in accordance with the relevant policy framework.
- 6.9 Members are trained in the standards of conduct expected from them and arrangements are in place should investigations into members conduct be required. The Monitoring Officer has advised that that there have been no formal reports/investigations in 2020/21.
- 6.10 The Council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made in their role as Section 151 Officer. A review against CIPFA's Statement on the Role of the CFO in Local Government (the Statement) concluded that the CFO met the responsibilities of the Senior Finance Officer in full during 2020/21. The CFO was ideally placed to develop and implement strategic objectives within the Council, given the role of the Council's s.151 Officer is combined within the Director of the Finance division, reports directly to the Chief Executive and is a member of the Council's Corporate Leadership Board. The CFO influences all material business decisions and oversees corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes.
- 6.11 CIPFA, the Chartered Institute of Public Finance and Accountancy, has launched its Financial Management (FM) Code, to drive improvement in financial management for all local authorities throughout the full financial cycle of financial planning, budget setting, in-year monitoring and reporting and statutory reporting. The FM Code is based on a set of standards and principles, including organisational leadership, transparency, assurance, and sustainability. Its aim is to place financial management and long-term sustainability at the heart of policy and decision making in local government. Complying with the standards will be the collective responsibility of elected members, the CFO, and the Senior Leadership Team. The code is effective from 2020/21 however, in recognition of the pressures facing local authorities, 2021/22 will be the first full compliance year for the Code. This allows authorities a shadow year to work towards full implementation.
- 6.12 It is the CFO's view that, from the 17 standards in the framework, elements of the following three standards need to be further embedded in the Council's processes:
- The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members. (Standard G)
  - The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions. (Standard M)

- The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability. (Standard O)
- 6.13 The Council will continue to assess its compliance with the new FM Code at each stage in the 2021/22 financial cycle and take the necessary steps to demonstrate sustainability and resilience to future shocks.
- 6.14 The demand for special educational needs and disabilities (SEND) statements, Education Health and Care Plans has soared by 480% in the past five years, from 74,209 in 2016 to 430,697 in 2021 (source Local Government Association). This is resulting in significant Council deficits nationally in relation to unfunded need within the ring-fenced Dedicated Schools Grant (DSG). For Bristol it is forecasted that the total deficit to carry forward at the end of the 2021/22 financial year will be circa. £20.5m. The outcome of the SEND review setting out the government's proposal to address this national issue is awaited.
- 6.15 There are significant improvement programmes in progress within the Council to strengthen and redesign how services and projects are delivered more effectively. The progress relating to delivery of the improvements in these areas will be monitored through regular updates to Corporate Leadership Board and assurance from Internal Audit. These include the following:
- Procurement and contract Management
  - Risk Management
  - Capital Project delivery
  - Education Transformation - Including High Needs (SEND and Deficit)
  - Response to Ombudsman Complain
- 6.16 The **Senior Information Risk Owner (SIRO)** in consultation with the **Statutory Data Protection Officer** oversees information and information security risk management arrangements to ensure information assets held by the council are properly secured and used in line with legislation. The Council has achieved PSN, Health and CoCo compliance/certification and is carrying out work to implement an ISO27001 compliance framework and Cyber Essentials. Areas for improvement are being overseen by the Information Governance Board and include the need to roll-out of a suite of documents that comprise the Information Security Policy, enhance understanding of the role the information asset owners must play in securing and managing data and systems, and implementing Internal Audit recommendations in relation to enhancing Cyber security. An information classification scheme is being trialled to ensure appropriate security is applied to different levels of data.
- 6.17 The **Director of Workforce and Change** confirms that a senior leadership structure is in place. A review is planned for 2021 looking at the organisation's future priorities and approach. A Workforce Strategy, aligned to the Corporate Strategy, is in place and progress is routinely reviewed by **HR Committee**. A programme of leadership development is also in place. This year has also seen a greater focus on advancing our equality and inclusion practice, and tackling institutional racism, with the publication of a series of new actions, interventions and changes that cover several themes. Completion of actions is regularly monitored. An Internal Audit review has reported that key actions are being satisfactorily progressed.
- 6.18 A **Corporate Performance Framework** is in place to monitor achievement of SMART targets set by the Council against its Corporate Objectives. Quarter 4 reports for 2020/21 highlight that 53% of key business plan performance measures have been met or exceeded target at the end of the year. This is set within the context of the pandemic and the presence of many city-wide outcome measures that are not within the Council's direct control. Full outturn details and explanations of performance are provided to Corporate Leadership Board, Scrutiny and Cabinet.

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

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

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

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

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

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

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

6.24 **Local Area Joint Inspection of Special Educational Needs and Disabilities (SEND)**. Following the Ofsted and the Care Quality Commission (CQC) Local Area SEND inspection in autumn 2019, the council and Bristol North Somerset and South Gloucester CCG (BNSSG CCG) were required to produce a 'Written Statement of Action' (WSOA) setting out how the areas of identified weakness would be tackled. This action plan was approved by Ofsted in March 2020 and

had an 18 month timeframe to July 2021. Advisors from the Department for Education (DfE) and NHS England (NHSE) meet with leaders from the council and CCG every four months, to review progress made against the planned achievement milestones in the WsoA. During 2020/21 three of these monitoring meetings took place virtually in July, November, and March. At each meeting, it was concluded that progress had been good despite the challenges brought by COVID-19 and the advisors were satisfied with progress. The final monitoring meeting takes place on the 19<sup>th</sup> July. Good progress has been made against almost all the milestones. The four milestones remaining overdue in July are all underway with revised timelines agreed by the SEND Improvement Board. The SEND Partnership Group will co-produce the next iteration of the SEND action plan, which will continue to be monitored by the bi-monthly SEND Improvement Board. The window for re-inspection is likely to be October 2021 to March 2022.

- 6.25 **Inspections of children’s social care services, including council-owned children homes.** Ofsted visits (either monitoring or assurance visits) took place across six Bristol Children’s homes during the year. In three cases, no serious concerns were identified but some service improvement requirements noted. In three cases compliance notices were issued.
- 6.26 An **Ofsted short inspection of Bristol City Council - further education and skills.** Bristol City Council is the lead partner and contract holder in a consortium which is also known as Community Learning West. The consortium was established in 2011 and provides adult education and apprenticeships in over 150 venues or locations. The outcome of the inspection was that Bristol City Council (BCC) continues to be a good provider. Some recommendations for continual improvement were made.
- 6.27 A **Regulation of Investigatory Powers Act (RIPA).** RIPA regulates the Council’s use of covert surveillance to prevent and detect criminal activity. As such, the Council is subject to regular inspection by the Investigatory Powers Commissioner’s Office (IPCO) to ensure that its policies and procedures are operated in a lawful manner. The inspection in June 2020 reported that the Council demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection. Several actions were recommended that have now been implemented.
- 6.28 A **Local Government Association’s Equality Framework for Local Government peer review** sought independent assurance on the Council’s progress in this area. The review found much positive practice and progress but also a need to make this more systematic and consistent across the Council’s business. The full report was considered by Full Council in July 2021.

## 7. Significant Governance Issues 2020/21

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- 7.1 In concluding the review of effectiveness, four significant issues have been identified that require focussed attention going forward. In determining the significant governance issues, the following factors have been considered on whether the issues had:
- seriously prejudiced or prevented achievement of a principal objective;
  - resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business;
  - a material impact on the accounts;
  - been considered as significant for this purpose by the audit committee or equivalent;
  - attracted significant public interest or had seriously damaged the reputation of the Council;
  - resulted in formal action being taken by the Section 151 Officer/Monitoring Officer;
  - received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.
- 7.2 The actions being taken to effectively manage these issues are detailed in the table below:

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

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consideration of whether the application of formal audit powers will be applied.

### 3 Dedicated Schools Grant deficit

The Dedicated Schools Grant (DSG) was in deficit of £10.004m at the financial year-ending 2020/21. A range of outcome and process improvements are being delivered in line with the Written Statement of Action however, the financial deficit is forecasted to increase by c. 100% (£10.5m) by the year end 31 March 2022. Should this forecast be realised, this will result in a cumulative forecasted, carry forward deficit of £20.5m at the end of the financial year.

The forecasted deficit in the DSG is predominantly attributed to the significant increase needed for support for children and young people with special educational needs and /or disabilities (SEND), via the High Needs budget. The scale of SEND deficit is a national issue and the SEND review announced in September 2019 with a commitment to boost outcomes and improve value for money, has been subject to repeated delays.

Whilst the Council will continue to call for sufficiency of government funding to address the legislatively driven deficits, investment and clarity about future funding, arrangements plans will need to be considered for a sustainable long-term provision that meets the needs of children and young people in Bristol.

The Education Transformation Programme is largely focused on the following SEND improvement activities.

- financial sustainability via the pursuance of inclusion throughout the sector
- projects that will deliver additional capacity for specialist provision
- new clear and transparent system for accessing Element 3 Funding; and,
- working in partnership with schools, a range of interventions designed to improve the offer and experience for children and young people with SEND.

The first iteration of the evolving DSG Deficit Management Plan (DMP) has been published and presented to Schools Forum (June 2021).

The completed DMP will be kept up to date, and along with the Education Transformation programme, will be reported periodically to the Schools Forum, People Scrutiny commission and or Cabinet during 2021/22.

### 4 Bristol Beacon

During the refurbishment of the Bristol Beacon, as the building was dismantled, contractors identified large numbers of significant and unforeseen structural and heritage issues that created huge complexity and added significant time and costs to the project.

Recognising the cultural importance of the building and its contribution to the region's economy, Cabinet agreed a revised capital investment budget of £106.9m, an increase of

The Bristol Beacon has been re baselined in terms of budget and duration. A Project Management Office has been created and a Strategic Partner commissioned to provide key professional support to the project. Project assurance is ongoing in the form of Project Board reporting and management process.

The Capital Programme is managed and monitored through the Capital & Investment Board and Delivery Executive provides member oversight. These governance arrangements together with skills and capacity brought by the Capital Strategic Partnering arrangements, continues to strengthen and improve capital monitoring and is providing a focus on setting realistic delivery budgets and profiles, which allow for

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£58.1m (119%) on the original approved budget of £48.8m.

This represents a significant diversion of Council resources.

sufficient lead times before expenditure is likely to be incurred. The new governance arrangements will need to be embedded and will be subject to continuous review to ensure they are working effectively.

The strategic partner is also helping to establish a Capital Portfolio Office which will become an information hub about the Council's capital programmes and projects, and will provide advice and information to senior officers to make strategic decisions.

As part of the annual VFM review the External Auditors are required to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and the Council will give appropriate consideration to any findings / agreed recommendations for improvement arising from this review.

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



## Movement in Reserves Statement for the year ended 31 March 2021

	Note	General Fund Balance	Earmarked Reserves	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Sub Total - Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2019		23,258	81,179	12,493	116,929	78,718	7,852	86,570	70,824	3,606	3,919	281,847	1,293,274	1,575,121
Movement in Reserves during 2019/20														
Surplus or (deficit) on the provision of services		(54,814)			(54,814)	3,016		3,016				(51,798)		(51,798)
Other Comprehensive Expenditure and Income					-			-				-	145,431	145,431
Total Comprehensive Expenditure and Income		(54,814)	-	-	(54,814)	3,016	-	3,016	-	-	-	(51,798)	145,431	93,633
Adjustments between accounting basis and funding basis under regulations	Note 18	59,578			59,578	(2,060)		(2,060)	7,688	-	(1,234)	63,972	(63,972)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		4,764	-	-	4,764	956	-	956	7,688	-	(1,234)	12,174	81,459	93,633
Transfers to/(from) Earmarked Reserves	Note 19	(11,020)	16,211	(5,191)	-	7,852	(7,852)	-				-	-	-
Increase/(Decrease) in 2019/20		(6,256)	16,211	(5,191)	4,764	8,808	(7,852)	956	7,688	-	(1,234)	12,174	81,459	93,633
Balance at 31 March 2020 Carried Forward		17,001	97,390	7,302	121,693	87,526	0	87,526	78,512	3,606	2,685	294,022	1,374,733	1,668,755
Movement in Reserves during 2020/21														
Surplus or (deficit) on the provision of services		(30,208)			(30,208)	17,997		17,997				(12,211)		(12,211)
Other Comprehensive Expenditure and Income					-			-				-	38,555	38,555
Total Comprehensive Expenditure and Income		(30,208)	-	-	(30,208)	17,997	-	17,997	-	-	-	(12,211)	38,555	26,344
Adjustments between accounting basis and funding basis under regulations	Note 18	172,416			172,416	(7,082)		(7,082)	(20)	7,690	395	173,399	(173,399)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		142,208	-	-	142,208	10,915	-	10,915	(20)	7,690	395	161,188	(134,844)	26,344
Transfers to/(from) Earmarked Reserves	Note 19	(123,543)	123,317	226	0	(651)	651	-				0	-	0
Increase/(Decrease) in 2020/21		18,665	123,317	226	142,208	10,264	651	10,915	(20)	7,690	395	161,188	(134,844)	26,344
Balance at 31 March 2021 Carried Forward		35,666	220,707	7,528	263,901	97,791	651	98,441	78,492	11,296	3,080	455,210	1,239,889	1,695,099

## Balance Sheet as at 31 March 2021

31-Mar-20 £'000		Note	31-Mar-21 £'000
2,718,767	Property, Plant & Equipment	20	2,825,667
204,056	Heritage Assets	21	207,406
15,958	Intangible Assets	23	20,573
252,586	Investment Property	22	275,903
42,074	Long Term Investments	24	43,570
49,831	Long Term Debtors	29	49,098
<b>3,283,272</b>	<b>Long Term Assets</b>		<b>3,422,217</b>
89,093	Short Term Investments	24	64,983
10,166	Inventories		12,416
106,283	Short Term Debtors	29	144,928
69,426	Cash and Cash Equivalents	30	142,274
723	Assets held for sale		806
<b>275,691</b>	<b>Current assets</b>		<b>365,407</b>
-	Cash and Cash Equivalents	30	(20,702)
(14,778)	Short Term Borrowing	24	(4,966)
(167,447)	Short Term Creditors	31	(215,373)
(1,897)	Provisions	32	(5,760)
(26,741)	Capital grants received in advance	17	(44,447)
(5,379)	Derivative Financial Instruments		-
<b>(216,242)</b>	<b>Current liabilities</b>		<b>(291,248)</b>
(450,488)	Long Term Borrowing	24	(450,488)
(28,257)	Provisions	32	(26,277)
(1,166,622)	Other Long-Term Liabilities	31	(1,291,181)
(28,600)	Capital Grants Receipts in Advance	17	(33,331)
<b>(1,673,967)</b>	<b>Long-term liabilities</b>		<b>(1,801,277)</b>
<b>1,668,754</b>	<b>Net assets</b>		<b>1,695,099</b>
(294,021)	Usable Reserves	19	(455,209)
(1,374,733)	Unusable Reserves	33	(1,239,890)
<b>(1,668,754)</b>	<b>Total reserves</b>		<b>(1,695,099)</b>

These Financial Statements replace the unaudited Financial Statements confirmed by Denise Murray, Director of Finance (S151 Officer) on 25 July 2021.

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

## Cash Flow Statement for the year ended 31 March 2021

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

# Notes to the Accounts

## 1 Accounting Policies

### (i) General Principles

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

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

### (ii) Recognition of Income and Expenditure

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

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

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

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

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

### (iii) Cash and Cash Equivalents

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

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

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

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

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

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

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

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

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

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

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

- Council tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself.
- Non-Domestic Rates on behalf of Avon Fire Authority, the West of England Combined Authority (WECA) and itself.

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

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

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **(vii) Dedicated Schools Grant**

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

## **(viii) Employee Benefits**

### **Benefits Payable During Employment**

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

### **Termination Benefits**

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

### **Post-Employment Benefits**

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

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

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

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

### **The Local Government Pension Scheme**

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

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

The assets of Avon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities - current bid price.
- Unquoted securities - professional estimate.

- Unitised securities - current bid price.
- Property - market value.

The change in the net pension liability of the Council is analysed into the following components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, considering any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.
- Contributions paid to the Avon Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

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

### **Discretionary Benefits**

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

## **(ix) Events After The Reporting Period**

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

- Those that provide evidence of conditions that existed at the end of the reporting period. In this instance, the Statement of Accounts is adjusted to reflect such events.
- Those relating to conditions that arose after the reporting period. In this instance, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## **(x) Fair Value Measurement**

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

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

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

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

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

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

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

## **(xi) Financial Instruments**

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

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. As annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument, the effective interest rate is the

rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

## **Financial Assets**

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

There are three main classes of financial assets measured at:

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

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

### **Financial Assets Measured at Amortised Cost**

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

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

In addition, the Council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the Council, for example where the Council holds a legal charge against a property that enables sums to be reimbursed from sale proceeds later. These are like loans at less than market rates and are referred to as soft loans. If any the lost interest against the soft loan was significant

then adjustments would be made to the relevant service revenue account and Balance Sheet. However, the impact on the Council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

### **Expected Credit Loss Model**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **(xiii) Heritage Assets**

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

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

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

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

### **(xiv) Intangible Assets**

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

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

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

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

### **(xv) Interests in Companies and Other Entities**

#### **(a) Subsidiaries**

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

The Council's material subsidiaries are Bristol Holding Limited (which is directly held) and Bristol Waste Company Limited, Bristol 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 (FVPL) and are carried in the Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.

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

#### **b) Joint Arrangements**

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

The Council has no material Joint Ventures.

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

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

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

#### **(xvi) Investment Property**

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

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

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds, the Capital Receipts Reserve.

#### **(xvii) Leases**

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

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

## **The Council as Lessee**

### **Finance Leases**

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

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

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

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

### **Operating Leases**

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

## **The Council as Lessor**

### **Finance Leases**

To date the Council has not granted any Finance Leases.

### **Operating Leases**

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

### **(xviii) Minimum Revenue Provision (MRP)**

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

### **(xix) Overheads And Support Services**

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

### **(xx) Prior Period Adjustments**

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

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

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

### **(xxi) Service Concessions**

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

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

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

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

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

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

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

#### **Recognition**

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

assets totalling less than £20,000 in any single financial year is classed as de-minimis and therefore is not capitalised but charged as an expense.

## **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs.

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

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

- 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 more than £5m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

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

## **Disposals and Non-current Assets Held for Sale**

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

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

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

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

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

### **(xxiii) Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

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

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

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

#### **Contingent Liabilities**

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

#### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### **(xxiv) 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.

### **(xxv) 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.

## **(xxvi) Schools**

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

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

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

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

## **(xxvii) 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.

## **(xxviii) Rounding Convention**

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

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

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

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

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

Other changes to the Code include,

- Definition of a Business: Amendments to IFRS 3 Business Combinations.
- Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 Insurance Contracts and IFRS 16 Leases.

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

### 3 Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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.

COVID-19 Funding – the Council has received additional grant funding as part of the government's response to the COVID-19 pandemic, some to cover the Council's own expenditure/income shortfalls and some for passing on to local businesses and individuals. The Council has made judgements about whether it is acting as principal or agent in relation to this funding. Where the Council is acting as principal the grant receipts have been recognised as income and associated payments as expenditure. Where the Council is acting as agent the grant receipts and corresponding payments are not included in the Comprehensive Income and Expenditure Statement (CIES), other than any element of the funding relating to administration costs.

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

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

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

Item	Uncertainties	Consequence if actual results differ from assumptions
<p>Property, Plant and Equipment (excluding Council dwellings) Carrying value £1.03bn</p>	<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 and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity.</p> <p>The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.</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 £103m 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>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert</p>	<p>Variations in the key assumptions will have the following impact on the net pension liability of £1.1bn</p> <ul style="list-style-type: none"> <li>• a 0.1% increase in the discount rate will reduce the net pension liability by £80m.</li> <li>• a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £85m.</li> </ul>

	advice about the assumptions to be applied.	<ul style="list-style-type: none"> <li>• a 0.1% increase in the assumed level of pay inflation will increase the net pension liability by £22m.</li> <li>• an increase of one year in longevity will increase the net pension liability by £24m.</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>It remains unclear what impact the COVID 19 pandemic will have on property values and there is a risk of material changes during the next year.</p>	If the value of the Council's investment property, surplus property and non-current assets held for sale, (total carrying value £321m) was to reduce by 10%, this would result in a £32m reduction and a corresponding reduction to Unusable Reserves in the Balance Sheet.

## 5 Events after the Balance Sheet Date

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

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

## 6 Other Items of Expenditure and Income

### Income and expenditure relating to COVID-19

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

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

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

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

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

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

	Revised outturn	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA Note 3	Other Differences EFA (Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
People	246,804	(46,298)	200,506	2,507	1,766		4,273	204,779
Resources	60,153	3,768	63,921	6,625	4,406		11,031	74,952
Growth & Regen	82,651	3,296	85,947	98,736	4,592		103,328	189,275
Housing Revenue Account	(10,915)	(10,851)	(21,766)	641	2,330		2,971	(18,795)
Dedicated Schools Grant	7,113	(54)	7,059		3,907		3,907	10,966
Corporate Funding and Expenditure	62,147	(50,934)	11,213	(14,462)	(4,408)	16,612	(2,257)	8,957
	447,953	(101,073)	346,880	94,047	12,593	16,612	123,253	470,134
Other income and expenditure (Notes 9,10,11)			(500,003)	(68,856)	22,523	88,413	42,079	(457,923)
(Surplus) Deficit on the Provision of Services			<b>(153,123)</b>				<b>165,332</b>	<b>12,211</b>
Opening General Fund and HRA Balance			(209,219)					
Less Deficit on General Fund and HRA Balance in Year			(153,123)					
Closing General Fund and HRA Balance at 31 March 2021*			<b>362,342</b>					

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

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

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

### **EFA Note 1 – Adjustments**

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

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

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

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

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

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

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

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

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

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

## 8 Expenditure & Income Analysed By Nature

	2020/21	2019/20
<b>Expenditure &amp; Income Analysed By Nature</b>	£000	£000
<b>Expenditure</b>		
Employee Benefits Expense	387,678	378,049
Depreciation, Amortisation & Impairment	122,876	99,140
Other Service Expenditure	770,318	738,093
<b>Total Expenditure</b>	<b>1,280,872</b>	<b>1,215,282</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(314,343)	(323,950)
Interest & Investment Income	(10,938)	(7,883)
Income from Council tax & Non-domestic Rates	(360,299)	(357,352)
Government Grants, Other Grants and Contributions	(583,081)	(474,299)
<b>Total Income</b>	<b>(1,268,661)</b>	<b>(1,163,484)</b>
<b>Surplus or deficit on the Provision of Services</b>	<b>12,211</b>	<b>51,798</b>

### 8a Revenue from Contracts with Service Recipients

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

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

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

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

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

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

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

## 9 Other Operating Expenditure

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

## 10 Financing and Investment Income and Expenditure

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

## 11 Taxation and Non-Specific Grant Income

	2020/21	2019/20
	£'000	£'000
Council tax income	(224,419)	(215,116)
Non-domestic rates	(137,300)	(142,236)
Non-service-related government grants	(69,849)	(23,402)
Capital grants and contributions	(41,605)	(33,664)
<b>Total</b>	<b>(473,173)</b>	<b>(414,418)</b>

## 12 Pooled Budgets

### Better Care Fund

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

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

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

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

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

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

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

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

### 13 Members' Allowances

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

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

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

## 14 Officers' Remuneration & Exit Packages

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

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

1 Post holder left on 31<sup>st</sup> March 2021

2 Post holder left on 31<sup>st</sup> December 2020

3 Local authorities also pay the coroner's salary or fees and agree other terms and conditions, but there is no contract of employment between the local authority and coroner. Coroners should not be equated in financial or other terms with chief officers.

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

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

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

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

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

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

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

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

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

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

## Exit Packages

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

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

## 15 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors Grant Thornton.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the External Auditor regarding external audit services carried out by the appointed auditor for the year	265	211
Fees payable to the External Auditor for the certification of grant claims and returns for the year	42	32
Fees payable in respect of other services provided by the External Auditor during the year	43	-
<b>Total</b>	<b>350</b>	<b>243</b>

## 16 Dedicated Schools Grant

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

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

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

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

## 17 Grant Income

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

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

	2020/21 £'000	2019/20 £'000
Capital grants and contributions (Note 11 & see below)	41,605	33,664
Non service related government grants (Note 11)	69,849	23,402
<b>Total</b>	<b>111,454</b>	<b>57,066</b>

### Capital grants and contributions

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

## Grants Credited to Services

	31 Mar 2021 £'000	31 Mar 2020 £'000
<b>People</b>		
Adult Education	1,582	2,079
Better Care Fund	14,736	14,487
COVID-19 - Emergency Response Grants (Adult Social Care)	9,358	-
Dedicated Schools Grant	172,870	165,955
Education Services Grant	988	10
Education and Skills Funding Agency Grants	12,840	11,318
COVID-19 - Education and Skills Funding Agency Grants	1,743	-
Independent Living Fund Grant	1,665	1,669
PFI Special Grant	17,652	17,433
Pupil Premium	7,066	7,133
Troubled Families Grant	1,659	1,684
Youth Justice Board Grant	759	747
Other Care Grants (Adults)	3,533	1,830
Other Care Grants (Children)	4,390	3,481
Other	1,449	804
<b>Growth &amp; Regeneration</b>		
Discretionary Housing Payments	1,351	1,154
Go Ultra Low Grant	2,307	1,022
Homelessness Reduction & Support Grants	4,226	4,046
Housing Benefit (rent allowances/council tax benefit) subsidy	127,922	136,205
Housing Benefit Administration Subsidy	2,804	2,596
Housing Revenue Grant	-	76
Innovate UK Grant	438	-
Public Health	33,259	31,628
COVID-19 - Public Health Grants	15,810	-
Public Health – Other	271	317
SWERCOTS	424	402
Travel & Transport Grants	157	232
Air Quality Grant	1,393	1,146
Arts Council England - Museums	2,096	1,898
Better Bus Area Fund	87	172
Bus Service Operators Grant (BSOG)	-	448
Sustainable Travel Access Fund	2,535	2,336
Winter Funding	1,640	2,028
COVID-19 – Business Support Grant	18,662	13,545
Other	5,039	4,735
<b>Resources</b>		
COVID-19 – Tax Income Guarantee Grant	1,420	-
COVID-19 – Test & Trace Support Grant	752	-
Non City Council elections	25	615
Brexit	86	307
Local Crisis and Prevention Fund	608	-
Other	477	467
<b>Total</b>	<b>476,079</b>	<b>434,005</b>

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

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

## 18 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2020/21	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<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	(88,430)	(29,993)				(118,423)
Movement in the market value of Investment Properties	22,945	(379)				22,566
Amortisation of Intangible Assets	(4,137)	(388)				(4,525)
Capital grants and distributions	41,123	481				41,604
Revenue and expenditure funded from capital under statute	(18,636)		3,263			(15,373)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(16,029)	(20,774)				(36,803)
Changes in Fair Value of Financial Instruments (MiRs)	1,669					1,669
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	13,611					13,611
Capital expenditure charged against the General Fund and HRA balances	4,185	408				4,592
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,453	33,197	(40,649)			-
Administrative costs of non-current asset disposals	(163)		163			-
Use of the Capital Receipts Reserve to finance new capital expenditure			35,128			35,128
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,115)		2,115			(0)
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
HRA depreciation credited to MRR		29,332		(29,332)		-
Use of the MRR to finance new capital expenditure				21,642		21,642
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Application of grants and contributions to capital financing					(395)	(395)
<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 34)	(74,292)	(9,542)				(83,834)
Employer's pensions contributions and direct payments to pensioners payable in the year	43,976	4,740				48,716
<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	(88,413)					(88,413)
<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	(6,785)					(6,785)
<b>Other Reserve Movements</b>	(8,557)					(8,557)
<b>Total Adjustment</b>	<b>-172,416</b>	<b>7,082</b>	<b>20</b>	<b>-7,690</b>	<b>-395</b>	<b>-173,399</b>

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	4,131	(387)				3,744
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	(17,079)					(17,079)
<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 33)	(88,105)	(9,829)				(97,934)
Employer's pensions contributions and direct payments to pensioners payable in the year	45,272	4,859				50,131
<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	(59,578)	2,060	(7,688)	0	1,234	(63,972)

## 19 Usable Reserves

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

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

Details of specific earmarked reserves are as follows,

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

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

## 20 Property, Plant and Equipment Movements in 2020/21

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

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

	Council Dwellings	Other Land 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 2020	1,685,723	656,097	81,595	355,103	7,681	11,711	42,113	2,840,023	27,044
Additions	22,801	14,850	10,762	18,435	263	36,514	104	103,729	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	62,102	52,100	-	-	-	(236)	6,796	120,762	(140)
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(29,962)	-	-	-	(40,396)	(868)	(71,226)	-
De-recognition - Disposals	(8,340)	(13,405)	(3,951)	-	-	-	(4,249)	(29,945)	-
Assets reclassified to/from Held for Sale	-	-	-	-	-	-	(83)	(83)	-
Assets reclassified to/from Investment Property	-	(552)	-	-	-	-	17	(535)	-
Other movements in cost or valuation	3,614	(21,147)	1,538	-	(74)	16,069	-	-	-
<b>At 31 March 2021</b>	<b>1,765,900</b>	<b>657,981</b>	<b>89,944</b>	<b>373,538</b>	<b>7,870</b>	<b>23,662</b>	<b>43,830</b>	<b>2,962,725</b>	<b>26,904</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2020	(12,579)	(16,994)	(35,150)	(55,957)	(416)	(4)	(156)	(121,256)	(313)
Depreciation Charge	(28,756)	(18,428)	(7,380)	(10,874)	-	-	(260)	(65,698)	(635)
Depreciation written out to Revaluation Reserve	26,884	-	-	-	-	-	-	26,884	630
Depreciation written out to Surplus/Deficit on the provision of Services	-	18,003	-	-	-	312	257	18,572	-
De-recognition - disposals	65	333	3,951	-	-	-	51	4,400	-
Other movements in Depreciation and Impairment	8	360	-	-	-	(312)	(16)	40	-
<b>At 31 March 2020</b>	<b>(14,378)</b>	<b>(16,726)</b>	<b>(38,579)</b>	<b>(66,831)</b>	<b>(416)</b>	<b>(4)</b>	<b>(124)</b>	<b>(137,058)</b>	<b>(318)</b>
<b>Balance Sheet at 31 March 2021</b>	<b>1,751,522</b>	<b>641,255</b>	<b>51,365</b>	<b>306,707</b>	<b>7,454</b>	<b>23,658</b>	<b>43,706</b>	<b>2,825,667</b>	<b>26,586</b>
<b>Balance Sheet at 1 April 2020</b>	<b>1,673,144</b>	<b>639,103</b>	<b>46,445</b>	<b>299,146</b>	<b>7,265</b>	<b>11,707</b>	<b>41,957</b>	<b>2,718,767</b>	<b>26,731</b>

## Property, Plant and Equipment Comparative movements in 2019/20

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<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	(3,244)	75,178	-	-	652	-	694	73,280	4,528
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(27,216)	-	(208)	(2,062)	(331)	(3,298)	(33,115)	(459)
De-recognition - Disposals	(6,420)	(13,318)	(7,028)	-	-	(17,990)	(2,079)	(46,835)	-
Assets reclassified to/from Held for Sale	-	-	-	-	-	-	(1,800)	(1,800)	-
Assets reclassified to/from Investment Property	270	(152)	-	-	-	-	-	118	-
Other movements in cost or valuation	(1,060)	6,598	(74)	(1,125)	(635)	(7,339)	3,635	-	-
<b>At 31 March 2020</b>	<b>1,685,723</b>	<b>656,097</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	-	-	-	-	1,015	9,730	459
De-recognition - disposals	51	287	7,013	-	-	11	52	7,414	-
Other movements in Depreciation and Impairment	18	168	148	325	(176)	(8)	(473)	2	-
<b>At 31 March 2020</b>	<b>(12,579)</b>	<b>(16,994)</b>	<b>(35,150)</b>	<b>(55,957)</b>	<b>(416)</b>	<b>(4)</b>	<b>(156)</b>	<b>(121,256)</b>	<b>(313)</b>
<b>Balance Sheet at 31 March 2020</b>	<b>1,673,144</b>	<b>639,103</b>	<b>46,445</b>	<b>299,146</b>	<b>7,265</b>	<b>11,707</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>

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

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

### Capital Commitments

On 31 March 2021 the Council had entered several contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £64.2m.

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

		£m
Bristol Beacon - Cultural refurbishment scheme	Willmott Dixon Construction Ltd	9.5
Avonmouth and Severnside Enterprise Area - Flood defences	South Gloucestershire Council	8.5
School rebuild and expansion - Perry Court Primary School	Bristol LEP Ltd (Skanska)	5.8
Bristol Waste (agency agreement) - Hartcliffe site construction	Bristol Waste Company Ltd	5.2
New Housing Provision - Registered Provider grants	Clarion Housing Group Ltd	4.8
School expansion - KnowleDGE Special School 6th form	Bristol LEP Ltd (Skanska)	3.8
Transport Cumberland Road Stabilisation works	Alun Griffiths (Contractors) Ltd	3.6
Priority Stock - Refurbishment at Silcox Rd	Rateavon Ltd	3.4
Energy District Heat Networks - Castle Park Energy Centre	Goram Homes Ltd	3.4
School Expansion - Cathedral Schools Trust Trinity Academy	Bristol LEP Ltd (Skanska)	2.7
Transport Redcliffe Bridge Refurbishment	Cleveland Bridge UK Ltd	2.2
Transport - Floating pontoon walkway	Knights Brown Construction Ltd	1.9
New Housing Provision - Multi-disciplinary services	Perfect Circle JV Ltd	1.7
Temple Island Development - Multi-disciplinary services	Perfect Circle JV Ltd	1.4
Sea Mills Assisted Living Centre Refurbishment	Kier Construction Ltd	1.2
Bristol Beacon - Project Management services	Arcadis Ltd	1.2
Transport Highways Resurfacing (DfT Challenge Bid 2020)	Eurovia Infrastructure Ltd	1.2
	<b>Total</b>	<b>61.5</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>	-	4,116	89,944	373,538	7,870	11,768	-	487,236
1 Oct 2020	1,765,900	583,102	-	-	-	1,031	43,830	2,393,863
1 Oct 2019	-	9,154	-	-	-	1,166	-	<b>10,320</b>
1 Dec 2018	-	12,019	-	-	-	300	-	<b>12,319</b>
1 Apr 2017	-	9,105	-	-	-	9,348	-	<b>18,453</b>
1 Apr 2016	-	40,485	-	-	-	49	-	<b>40,534</b>
<b>Total cost valuation</b>	<b>1,765,900</b>	<b>657,981</b>	<b>89,944</b>	<b>373,538</b>	<b>7,870</b>	<b>23,662</b>	<b>43,830</b>	<b>2,962,725</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. To perform this exercise, the Other Land and Building category was split into subcategories, for example schools, car parks, leisure and culture etc. The review concluded that the fair value was not materially different from the carrying value at the Balance Sheet date.

## 21 Heritage Assets

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

	Art Collection £'000	Ethnography & Foreign Archaeology £'000	Antiquarian books £'000	Other £'000	Total £'000
<b>Cost or valuation</b>					
01 April 2020	126,625	42,588	7,675	27,168	204,056
Additions	96	0	0	0	96
Revaluations	3,167	6	0	81	3,254
<b>31 March 2021</b>	<b>129,888</b>	<b>42,594</b>	<b>7,675</b>	<b>27,249</b>	<b>207,406</b>
<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>

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

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

#### Loans

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

#### Preservation

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

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

## 22 Investment Properties

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

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

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

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

### Fair Value Hierarchy

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

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

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

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

## 23 Intangible Assets

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

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

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

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

## 24 Financial Instruments

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

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

### Movements

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

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

## Borrowing

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

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

## Income, Expense, Gains or Losses

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

### Financial Instruments Gains and Losses 2020/21

	Financial Liabilities	Financial Assets			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	(28,862)	-	-	-	(28,862)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(28,862)</b>	-	-	-	<b>(28,862)</b>
Interest Income	-	5,113	-	109	5,222
Fair Value Movement	-	-	-	1,669	1,669
Dividend Income	-	-	-	4,046	4,046
<b>Total income in Surplus or Surplus / Deficit on the Provision of Services</b>	<b>(28,862)</b>	<b>5,113</b>	-	<b>5,824</b>	<b>(17,925)</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>(28,862)</b>	<b>5,113</b>	-	<b>5,824</b>	<b>(17,925)</b>

### 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	
	£000s	£000s	£000s	£000s	£000s
Interest expense	(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
Increases in Fair Value	-	-	-	(17,079)	(17,079)
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>(12,708)</b>	<b>(47,494)</b>
<b>Surplus / 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>(12,708)</b>	<b>(47,494)</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 2021 using:			Fair value measurements at 31 March 2020 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
<b>Recurring fair value measurements</b>						
<b>Fair Value through Profit and Loss</b>						
Money Market Funds	101,476	-	-	56,017	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	29,000	-	-	27,000
Bristol Holdings (unquoted equity investment)	-	-	4,992	-	-	5,623
Other unquoted private companies	-	-	128	-	-	100
Pooled property fund	-	-	9,100	-	-	9,000
<b>Fair Value through Other Comprehensive Income</b>						
Other unquoted private companies	-	-	350	-	-	350
<b>Total Non-traded securities:</b>	<b>101,476</b>	<b>-</b>	<b>43,570</b>	<b>56,017</b>	<b>-</b>	<b>42,073</b>
<b>Investment properties</b>	<b>-</b>	<b>275,903</b>	<b>-</b>	<b>-</b>	<b>252,586</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>43,706</b>	<b>-</b>	<b>-</b>	<b>41,957</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>101,476</b>	<b>319,609</b>	<b>43,570</b>	<b>56,017</b>	<b>294,543</b>	<b>42,073</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	806	-	-	723	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>-</b>	<b>723</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 considered together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in note 22)	Level 2	All investment properties have been valued by the Council's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.
Bristol Port Company	Level 3	This investment has been valued by an external specialist valuation company for financial year ending 31 <sup>st</sup> March 2020 and refreshed by Council officers for this financial year on the same basis.	Calculations have been based on an income approach to valuation, by applying a multiple derived from the market to a maintainable profit figure.	Changes to market conditions (local and global), and the comparable data used within the valuations. If the growth of future returns is greater or lesser by 0.5% than the 2% forecast, the fair value will be circa £1.5m higher or lower respectively.
Bristol Holdings	Level 3	This investment has been valued at the Council's share of each company's net assets.	Calculations have been based on their unaudited accounts as at 31 March 2021.	Valuations could be affected by the difference between audited and unaudited accounts.

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

### Transfers between levels of the fair value hierarchy

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

### Changes in valuation technique

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

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

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

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

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

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

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

Financial Liabilities	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Cash & Cash Equivalents	20,702	20,702	-	-
Public Works Loan Board (PWLB)	333,690	501,500	343,909	480,200
Lender Option Borrower Option	70,865	108,400	70,663	99,400
Market Debt	50,469	74,700	50,473	69,200
Current Creditors	194,467	194,467	144,019	144,019
Service Concessions	132,861	204,061	140,555	212,819
Other	524	524	305	305
<b>Total Liabilities</b>	<b>803,578</b>	<b>1,104,354</b>	<b>749,924</b>	<b>1,005,943</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 £1.237m a decrease of £156m which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

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

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

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

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

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

Descriptions	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
<b>Recurring fair value measurements using:</b>						
<b>Financial Liabilities held at Amortised Cost</b>						
Cash & Cash Equivalent		20,702			-	
Public Works Loan Board (PWLB)		333,690			343,909	
Lender Option Borrower Options		70,865			70,663	
Market debt		50,469			50,473	
Service Concessions		132,861			140,555	
Other		524			305	
<b>Total</b>		<b>609,111</b>			<b>605,905</b>	
<b>Financial Assets held at amortised cost</b>						
Current Investments		64,983			33,076	
Cash and Cash Equivalents		40,798			69,426	
Non-current Investments		-			1	
Non-current Debtors		11,332			10,487	
<b>Total</b>		<b>96,411</b>			<b>112,990</b>	

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

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

## 25 Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates and money market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

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

### **Credit risk**

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

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

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

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Authority's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

## Allowance for Credit Losses

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

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

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

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

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

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

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

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

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

Debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-20
	£'000	£'000	£'000	£'000
Local taxpayers	35,192	(19,626)	15,566	6,099
Housing rents	13,123	(10,091)	3,032	2,880
Other - sundry debtors	146,708	(32,670)	114,038	83,872
<b>Total Other Entities and Individuals</b>	<b>195,023</b>	<b>(62,387)</b>	<b>132,636</b>	<b>92,851</b>
Central Government bodies	10,561	-	10,561	11,047
Other local authorities	1,571	-	1,571	1,636
NHS bodies	160	-	160	749
<b>Total debtors</b>	<b>207,315</b>	<b>(62,387)</b>	<b>144,928</b>	<b>106,283</b>
<b>Balance sheet debtors</b>	<b>207,315</b>	<b>(62,387)</b>	<b>144,928</b>	<b>106,283</b>
Current debtors not qualifying as a financial instrument under IFRS	(71,745)	19,626	(52,119)	(36,244)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>135,570</b>	<b>(42,761)</b>	<b>92,809</b>	<b>70,039</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 2021	31 March 2020
	£'000	£'000
Less than three months	29,971	30,438
Three to four months	1,754	1,521
Four months to one year	15,276	9,474
More than one year	46,848	38,863
<b>Total</b>	<b>93,849</b>	<b>80,296</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 Loan Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover

annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

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

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Less than 1 year	229,086	167,616
Between 1 and 2 years	13,853	8,651
Between 2 and 3 years	9,146	13,553
More than 3 years	551,493	560,103
<b>Total</b>	<b>803,577</b>	<b>749,923</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 2021 £'000</b>	<b>%</b>	<b>Actual 31 March 2020 £'000</b>	<b>%</b>
Less than 1 year	-	30	4,966	1%	14,778	3%
Between 1 and 2 years	-	40	5,000	1%	-	-%
Between 2 and 5 years	-	40	20,000	4%	10,000	2%
Between 5 and 10 years	-	50	34,000	7%	49,000	11%

More Than 10 Years	25	100	391,488	87%	391,488	84%
<b>Total</b>			<b>455,454</b>	<b>100%</b>	<b>465,266</b>	<b>100%</b>

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

### Market risk

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

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

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

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

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

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

### Price risk

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

### Foreign exchange risk

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

## 26 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. Movements on the CFR are also analysed below.

	2020/21 £'000	2019/20 £'000
Opening Capital Financing Requirement	869,923	847,021
<b>Capital investment</b>		
Property, Plant and Equipment	107,527	126,927
Investment Properties	256	-
Heritage Assets	95	340
Intangible Assets	9,140	7,620
Long Term Investments / Debtors	1,660	17,592
Revenue Expenditure Funded from Capital under Statute	18,636	10,225
Capital Receipts set aside for repayment of debt	(1,386)	(13,839)
<b>Sources of finance</b>		
Capital receipts	(38,391)	(33,496)
Government grants and other contributions	(41,209)	(34,898)
Sums set aside from revenue:		
• Direct revenue contributions	(4,592)	(21,270)
• Use of Major Repairs Reserve	(21,642)	(25,668)
• MRP – City Council Debt	(13,611)	(10,631)
<b>Closing Capital Financing Requirement</b>	<b>886,406</b>	<b>869,923</b>
Explanation of movements in year		
Less Minimum Revenue Provision	(13,611)	(10,631)
Use of capital receipt for repayment of debt	(1,386)	(13,839)
Increase in underlying need to borrowing (unsupported by government financial assistance)	31,480	47,372
<b>Increase in Capital Financing Requirement</b>	<b>16,483</b>	<b>22,902</b>

## 27 Leases

### Council as Lessor

#### Operating Leases

The Council leases out property within the commercial trading estate under operating leases for the following purposes:

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

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

	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Not later than one year	13,821	13,708
Later than one year and not later than five years	52,243	49,370
Later than five years	851,243	850,558
	<b>917,307</b>	<b>913,636</b>

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

## 28 Service Concessions

### Schools PFI Phase 1A

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

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2021/22	3,225	2,149	4,119	251	9,744
2022/23 to 2025/26	13,726	10,720	13,714	855	39,015
2026/27 to 2030/31	19,179	20,275	8,706	(354)	47,806
2031/32	1,557	1,879	221	413	4,070
<b>Total</b>	<b>37,687</b>	<b>35,023</b>	<b>26,760</b>	<b>1,165</b>	<b>100,635</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 2021 cumulative payments totalling £215m (£197m in 2019/20) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2021/22	5,512	4,008	5,675	4,031	19,226
2022/23 to 2025/26	23,689	16,338	19,611	19,229	78,867
2026/27 to 2030/31	33,690	27,210	16,705	25,481	103,086
2031/32 to 2034/35	25,689	26,134	4,590	16,585	72,998
<b>Total</b>	<b>88,580</b>	<b>73,690</b>	<b>46,581</b>	<b>65,326</b>	<b>274,177</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 2021 payments totalling £32m (£27m at 31 March 2020) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2021/22	357	646	1,325	1,212	3,540
2022/23 to 2025/26	1,519	1,908	4,729	6,191	14,347
2026/27 to 2030/31	2,082	3,954	4,531	7,822	18,389
2031/32 to 2035/36	2,197	5,036	2,317	9,407	18,957
2036/37	605	1,216	126	1,646	3,593
<b>Total</b>	<b>6,760</b>	<b>12,760</b>	<b>13,028</b>	<b>26,278</b>	<b>58,826</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 20. The assets will be transferred back to the Council at the end of the contracts for nil consideration.

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

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

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

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

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

	Schools		Hengrove Leisure	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Balance outstanding at the start of year	114,775	120,098	13,469	14,284
Movement in year	(6,063)	(5,323)	(708)	(815)
<b>Balance outstanding at year end</b>	<b>108,712</b>	<b>114,775</b>	<b>12,761</b>	<b>13,469</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 £1.1m of assets to support the provision of waste services, funded from a loan from the Council.

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

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

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

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

## 29 Debtors

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

Impairments for doubtful debts are detailed in Note 24.

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

### 30 Cash and Cash Equivalents

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

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

### 31 Creditors

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

	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
<b>Other long-term liabilities</b>		
Service Concession contract liabilities (see Note 28)	123,910	131,735
Retirement benefit obligations (see Note 34)	1,127,918	993,905
Deferred liabilities	39,259	40,895
Deferred capital receipts	0	3
Rent Deposits	94	84
<b>Total</b>	<b>1,291,181</b>	<b>1,166,622</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 2021 the liability in the Council's Balance Sheet of £39.3m (2020: £40.9m) comprised of former county Council loan debt.

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

## 32 Provisions

	Balance at 31 March 2020	Additional provisions made in 2020/21	Amounts used in 2020/21	Balance at 31 March 2021	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation	(121)		12	(109)	(109)	-
Insurance fund	(1,785)	(298)	475	(1,608)	(1,152)	(456)
NDR Provision for appeals	(27,454)	(10,430)	12,363	(25,521)	-	(25,521)
Legal	(498)	-	-	(498)	(498)	-
Winding up of Bristol Energy Ltd	-	(3,891)	-	(3,891)	(3,891)	-
Other	(296)	(135)	20	(411)	(111)	(300)
	<u>(30,154)</u>	<u>(14,754)</u>	<u>12,870</u>	<u>(32,038)</u>	<u>(5,761)</u>	<u>(26,277)</u>
Due < 1 year	(1,898)			(5,761)		
Due > 1 year	<u>(28,257)</u>			<u>(26,277)</u>		
	<u>(30,154)</u>			<u>(32,038)</u>		

Details of the provisions are shown in the table below:

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

### 33 Unusable Reserves

	31 March 2021 £'000	31 March 2020 £'000
Revaluation Reserve	(987,171)	(861,614)
Capital Adjustment Account	(1,510,865)	(1,520,227)
Financial Instruments Adjustment Account	6,898	7,076
Deferred Capital Receipt Reserve	(1,448)	-
Pensions Reserve	1,141,369	993,905
Collection Fund Adjustment Account – Council tax	4,539	1,446
Collection Fund Adjustment Account – NNDR	80,159	667
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	3,237	(2,590)
Accumulated Absences Account	13,388	6,604
Dedicated Schools Grant Adjustment Account	10,004	-
	<u>(1,239,890)</u>	<u>(1,374,733)</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.

	2020/21 £'000	2020/21 £'000	2019/20 £'000	2019/20 £'000
Balance at 1 April		(861,614)		(788,594)
Upward revaluation of assets	(190,456)		(112,014)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	39,555		12,332	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(150,901)		(99,682)
Amount written off to the Capital Adjustment Account		25,344		26,662
<b>Balance at 31 March</b>		<u>(987,171)</u>		<u>(861,614)</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 26 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21	2019/20
	£'000	£'000
<b>Balance at 1 April</b>	(1,520,227)	(1,510,028)
<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	65,697	57,837
Revaluation losses on Property, Plant and Equipment	52,654	28,820
Amortisation of Intangible Assets	4,525	3,235
Movement in the fair value of financial Instruments	(1,597)	11,722
Revenue Expenditure Funded from Capital Under Statute	18,636	10,225
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	36,802	46,849
	(1,343,510)	(1,351,340)
Adjusting amounts written out of the Revaluation Reserve	(25,344)	(26,662)
Net written out amount of the cost of non-current assets consumed in the year	(1,368,854)	(1,378,002)
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(38,391)	(33,496)
Use of the Major Repairs Reserve to finance new capital expenditure	(21,642)	(25,668)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(41,209)	(34,898)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(13,611)	(10,631)
Use of the Capital Receipts Reserve for repayment of Long-Term Investments financed by borrowing	(1,386)	(13,839)
Long Term Capital Investment repaid	1,386	1,321
Capital expenditure charged against the General Fund and HRA balances	(4,592)	(21,270)
	(1,488,299)	(1,516,483)
Movements in the market value of Investments debited or credited to the Comprehensive Income and Expenditure Statement	(22,566)	(3,744)
<b>Balance at 31 March</b>	<b>(1,510,865)</b>	<b>(1,520,227)</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.

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

## Deferred Capital Receipts Reserve

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

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

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	993,905	991,850
Remeasurements on pensions assets and liabilities	112,346	(45,748)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	83,834	97,934
Employer's pensions contributions and direct payments to pensioners payable in year	(48,716)	(50,131)
<b>Balance at 31 March</b>	<b>1,141,369</b>	<b>993,905</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>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	(477)	(126)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	88,412	(351)
<b>Balance at 31 March</b>	<b>87,935</b>	<b>(477)</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 for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance be neutralised by transfers to or from the account.

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

## Dedicated Schools Grant Adjustment Account

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

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

## 34 Pensions

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

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

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

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

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

## Accounting Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

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

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

## Assets and Liabilities in relation to Retirement Benefits

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

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

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<b>01-Apr</b>	1,617,523	1,722,618
Interest on plan assets	39,337	41,032
Remeasurement (assets)	244,214	(119,103)
Administration expense	(1,211)	(1,107)
Settlements	(2,879)	0
Employer contributions	57,970	31,631
Contributions by scheme participants	13,196	12,074
Benefits paid	(71,828)	(69,622)
<b>31-Mar</b>	<b>1,896,322</b>	<b>1,617,523</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 £283,551m (2019/20 £108,641m).

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

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

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

## Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

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

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

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

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

### Impact on the Defined Benefit Obligation in the Scheme (LGPS)

	2020/21	2019/20
	£'000	£'000
Longevity (increase or decrease by 1 year)	93,692	71,999
Rate of inflation (increase or decrease by 0.1%)	51,775	44,429
Rate of increase in salaries (increase or decrease by 0.1%)	4,865	4,726

Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(49,860)	(42,780)
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### Impact on the Defined Benefit Obligation in the Scheme (Teachers)

	2020/21	2019/20
	£'000	£'000
Longevity (increase or decrease by 1 year)	2,444	2,242
Rate of inflation (increase or decrease by 0.1%)	657	640
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	-588	-575

### Local Government Pension Scheme assets comprise

Asset Category	Sub-Category	Quoted (Y/N)	31 March 2021 £'000	31 March 2020 £'000
Equities	UK Quoted	Y	0	112,828
	Global Quoted	Y	608,560	521,489
	Emerging Markets	Y	102,582	70,200
	<b>Sub-total equities</b>		<b>711,142</b>	<b>704,517</b>
Bonds	UK Government Indexed	Y	267,857	90,581
	Sterling Corporate Bonds	Y	160,392	146,390
	<b>Sub-total bonds</b>		<b>428,249</b>	<b>236,971</b>
Property	Property Funds		136,536	160,135
	<b>Sub-total property</b>		<b>136,536</b>	<b>160,135</b>
Alternatives	Hedge Funds	Y	98,877	93,008
	Diversified Growth Funds	Y	179,339	218,042
	Infrastructure	Y	147,399	129,617
	Secured Income	Y	100,279	24,398
	EFT's	Y	38,860	15,249
<b>Sub-total alternatives</b>		<b>564,754</b>	<b>480,314</b>	
Cash and equivalents	Cash Accounts	Y	55,641	35,586
	<b>Sub-total cash</b>		<b>55,641</b>	<b>35,586</b>
<b>Total Assets</b>			<b>1,896,322</b>	<b>1,617,523</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 several investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions. As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

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

### **Impact on the Authority's Cash Flows**

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

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

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

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

### **Unfunded Teachers' Discretionary Benefits**

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

### **Governance**

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

### **Impact on the Council's Cash Flows**

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

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

### **Risks Strategy**

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

### **Investment Risks**

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

### 35 Cash Flow Statement – Operating Activities

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

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

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

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

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

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

### 36 Cash Flow Statement - Investing Activities

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

### 37 Cash Flow Statement - Financing Activities

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

### 38 Related Parties

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

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

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

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

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

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

### West of England Partnership

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

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

### 39 Transfer of Functions

As part of the West of England devolution deal, South Gloucestershire, Bristol and Bath & North East Somerset Councils agreed to the establishment of the West of England Combined Authority to support economic growth and development across the region. Under the devolution deal certain functions were transferred from the constituent authorities to the WECA from 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 since 2019/20.

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

## **40 Contingent Liabilities**

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

There is currently a claim against the Council for £2.7 million in relation to compensation in respect of part of the AVTM Metrobus programme for the site at Ashton Fields. The claim concerns the valuation of the site. This is going to the Upper tribunal with the likely hearing being at the beginning of 2022.

## HRA Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for Council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, service charges and other income. The account does not reflect all of the transactions required by statute to be charged or credited to the HRA for the year. The movement on the HRA Statement gives details of the additional transactions, which are required by statute.

	Note	2020/21 Net £'000	2019/20 Net £'000
<b>Expenditure</b>			
Repairs and maintenance		31,450	32,537
Supervision and management		29,959	28,920
Special services		9,769	9,155
Rent, rates, taxes and other charges		1,117	1,296
Depreciation and impairment of non-current assets	4	30,381	31,164
Debt management		37	42
Debt write offs and movement in the allowance for bad debts		1,628	2,460
<b>Total expenditure</b>		<b>104,341</b>	<b>105,574</b>
<b>Income</b>			
Dwelling rents	2	(113,814)	(109,997)
Non-dwelling rents		(1,017)	(961)
Charges for services and facilities		(8,301)	(8,755)
Contributions towards expenditure		(4)	(98)
<b>Total income</b>		<b>(123,136)</b>	<b>(119,811)</b>
<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>(18,795)</b>	<b>(14,237)</b>
Net cost of HRA services		<b>(18,795)</b>	<b>(14,237)</b>
(Gain) on sale of HRA non-current assets		(12,423)	(1,886)
Movement in the Fair Value of Investment Properties		379	387
Interest payable and similar charges		11,210	11,459
HRA interest and investment income		(359)	(1,312)
Pensions interest costs and expected return on assets	5	2,472	2,601
Capital Grants and Contributions Receivable		(481)	(27)
<b>(Surplus) for the year on HRA services</b>		<b>(17,997)</b>	<b>(3,015)</b>

## Statement of movement on the HRA Balance

	Note	31 March 2021 Net £'000	31 March 2020 Net £'000
HRA balance brought forward		(87,526)	(78,718)
(Surplus) for the year on the HRA Income and Expenditure Account		(17,997)	(3,015)
Adjustments between accounting basis and funding basis under statute		7,082	2,059
<b>(Increase) before reserve transfers</b>		<b>(10,915)</b>	<b>(956)</b>
Transfer from/to reserves		50	(7,852)
<b>Net (increase) on HRA balance</b>		<b>(10,865)</b>	<b>(8,808)</b>
<b>HRA balance carried forward</b>		<b>(98,391)</b>	<b>(87,526)</b>

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

	Note	31 March 2021 Net £'000	31 March 2020 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	(29,993)	(30,790)
Amortisation of Intangible Fixed Assets	4	(388)	(373)
Fair value movements on investment properties		(379)	(387)
Net charges made for retirement benefits in accordance with IAS19	5	(9,542)	(9,829)
Net gain/loss on disposal of assets		12,423	1,886
Capital Grants and Other Contributions	6	481	27
		<b>(27,398)</b>	<b>(39,466)</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	408	10,999
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	4,740	4,859
Transfer to Major Repairs Reserve	8	-	-
HRA depreciation to Major Repairs Reserve	8	29,332	25,668
Amortisation of premiums		-	-
		<b>34,480</b>	<b>41,526</b>
<b>Net additional amount required by statute to be debited or credited to the HRA Balance for the year</b>		<b>7,082</b>	<b>2,060</b>

## Notes to the Housing Revenue Account

### 1 Dwelling numbers as at 31 March 2021

	31 March 2021	31 March 2020
Houses	11,285	11,271
Bungalows	1,081	1,077
Flats	14,561	14,485
<b>Total Dwellings held at 31 March 2021</b>	<b>26,927</b>	<b>26,833</b>

### 2 Rent and Rent Arrears

The total value of dwelling rents in 2020/21, less rent attributable to empty properties (voids), is £113.8m (£110m in 2019/20). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc are:

	31 March 2021 £'000	31 March 2020 £'000
Former tenants	3,081	3,472
Current tenants	10,042	9,013
	<b>13,123</b>	<b>12,485</b>
<b>Balance Sheet Provision</b>		
Former tenants	2,698	3,056
Current tenants	7,393	6,549
	<b>10,091</b>	<b>9,605</b>

### Vacant Possession

The vacant possession value of dwellings as at 1st April 2021 was £5.063bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.772bn, a difference of £3.291bn. This difference reflects the economic cost of providing Council housing at less than market rent. This cost is determined by applying the Government prescribed discount rate of 35% of the Market Value to the vacant possession value.

### 3 Sums Directed by the Secretary of State to be Debited or Credited to the HRA

In 2020/21 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

#### 4 Depreciation and Impairment

	2020/21 £'000	2019/20 £'000
<b>Depreciation</b>		
Operational Assets		
- Dwellings	28,756	25,158
- Other, including leased	576	510
	<b>29,332</b>	<b>25,668</b>
Intangible Fixed Assets	388	373
<b>Total depreciation</b>	<b>29,720</b>	<b>26,041</b>
Revaluation losses	661	5,123
Reversal of impairment losses		-
<b>Total depreciation and impairment</b>	<b>30,381</b>	<b>31,164</b>

#### Impairment

There was a loss on revaluation of £0.661m charged to the surplus on provision of Services (2019/20: £5.123m).

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

For 2020/21 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.5m (2019/20 £2.6m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the Council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £9.5m (2019/20 (£9.8m)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £4.7m (2019/20 (£4.9m)) with the net movement on the Pension reserves of £4.8m (2019/20 £4.9m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see note 33.

#### 6 Capital Expenditure and financing

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

	2020/21 £'000	2019/20 £'000
<b>Expenditure</b>		
Dwellings	38,637	49,143
Other Assets	408	74
	<b>39,045</b>	<b>49,217</b>
<b>Financing</b>		
Usable capital receipts	16,514	12,523
Revenue contributions to capital	408	11,026
Major Repairs Reserve	21,642	25,668
Other	481	
	<b>39,045</b>	<b>49,217</b>

## 7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £35.3m (£10.4m in 2019/20). The receipts are summarised as follows:

	2020/21 £'000	2019/20 £'000
Receipts unapplied brought forward - 1 April	50,550	54,827
Right to Buy sales	8,021	10,188
Mortgage repayments	3	-
Disposal of Land and Buildings	27,287	171
	<b>85,861</b>	<b>65,186</b>
Allowable reductions		
Repaid to MHCLG	(2,115)	(2,113)
Capital receipts applied	(16,515)	(12,523)
Capital receipts applied to GF		
<b>Capital receipts unapplied carried forward - 31 March</b>	<b>67,231</b>	<b>50,550</b>

## 8 Major Repairs Reserve

	2020/21 £'000	2019/20 £'000
Balance brought forward - 1 April	(3,606)	(3,606)
Capital expenditure (dwellings)	21,642	25,668
Major Repairs Allowance set aside in year	(29,332)	(25,668)
Excess depreciation credited to Statement of Movement on HRA Balance		
<b>Balance carried forward - 31 March</b>	<b>(11,296)</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 £29.3m for 2020/21 (2019/20 - £25.7m). £21.6m was used to finance appropriate Housing Revenue Account capital expenditure.

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

	2020/21 £'000	2019/20 £'000
Dwellings	1,751,522	1,678,285
Land	38,785	38,722
Other assets	28,562	20,071
	<b>1,818,869</b>	<b>1,737,078</b>

**10 Asset Split**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Operational - dwellings	1,751,522	1,678,285
Operational - other land and buildings	60,848	52,282
Non-operational	6,199	6,512
Intangible	1,587	1,568
Other		3
	<b>1,820,156</b>	<b>1,738,650</b>

## Collection Fund

### Collection Fund Income and Expenditure Account

31 March 2020				31 March 2021		
£'000	£'000	£'000		£'000	£'000	£'000
Business Rates	Council Tax	Total	Note	Business Rates	Council Tax	Total
<b>Income</b>						
-	255,560	255,560	Council Tax	-	266,356	266,356
227,650	-	227,650	Non-Domestic Rates	137,951	-	137,951
(2,879)	-	(2,879)	Transitional Protection Payment	(3,254)	-	(3,254)
<b>Contributions towards previous years</b>						
<b>Collection Fund Deficit:</b>						
-	-	-	Central Government	-	-	-
-	-	-	Bristol City Council	1,673	-	1,673
-	-	-	Avon & Somerset Police and Crime Commissioner	-	-	-
-	-	-	Avon Fire Authority	18	-	18
-	-	-	West of England Combined Authority	89	-	89
224,771	255,560	480,331		136,478	266,356	402,834
<b>Expenditure</b>						
<b>Apportionment of Previous Years Surplus</b>						
-	-	-	Central Government	-	-	-
1,012	1,886	2,898	Bristol City Council	-	37	37
-	225	225	Avon & Somerset Police and Crime Commissioner	-	4	4
1	83	84	Avon Fire Authority	-	2	2
3	-	3	West of England Combined Authority	-	-	-
1,016	2,194	3,210		0	43	43
<b>Precepts, Demands and Shares</b>						
197,330	214,733	412,063	Bristol City Council	197,854	226,055	423,910
-	27,662	27,662	Avon & Somerset Police and Crime Commissioner	-	29,289	29,289
2,111	9,511	11,622	Avon Fire Authority	2,105	9,635	11,740
10,547	-	10,547	West of England Combined Authority	10,524	-	10,524
209,988	251,906	461,894		210,483	264,979	475,462
<b>Charges to the Collection Fund</b>						
2,003	2,457	4,460	Write offs of uncollectable amounts	649	1,237	1,885
586	2,890	3,476	Increase/(Decrease) in bad debt provision	6,551	3,723	10,274
704	-	704	Cost of Collection Allowance	702	-	702
8,297	-	8,297	Disregarded amounts	4,716	-	4,716
-	-	-	Prior year adjustment	-	-	-
575	-	575	Increase/(Decrease) in provision for appeals	(2,056)	-	(2,056)
12,165	5,347	17,512		10,561	4,960	15,521
1,602	(3,887)	(2,285)	Surplus/ (Deficit) for the year	(84,567)	(3,626)	(88,193)
(1,288)	2,192	904	Surplus/ (Deficit) as at 1 April	314	(1,695)	(1,381)
314	(1,695)	(1,381)	Surplus/ (Deficit) as at 31 March	(84,253)	(5,321)	(89,574)

## Notes to the Collection Fund Income and Expenditure Account

### 1 General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Only the elements attributable to the City Council are recognised with the Council's other accounts.

### 2 Council tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 128,566 for 2020/21 (126,999 for 2019/20). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of council tax for a Band D property of £2,061.03 for 2020/21 (£1,982.11 for 2019/20) is multiplied by the proportion specified for the particular band to give an individual amount due.

#### Calculation of the council tax Base used in setting the 2020/21 council tax:

	BANDS									Total
	A Entitled to Disabled Relief	A	B	C	D	E	F	G	H	
<i>No of Properties</i>	-	52,737	74,080	39,455	18,639	9,780	4,799	2,852	338	202,700
<i>Exemptions and disabled relief</i>	-31	-2,838	-1,419	-1,405	-1,192	-1,037	-172	-44	6	-8,132
<i>Less Discounts</i>	59	-5,502	-5,623	-2,733	-1,140	-505	-213	-131	-64	-15,852
<i>Total Equivalent Dwellings</i>	28	44,397	67,038	35,317	16,327	8,238	4,414	2,677	280	178,716
<i>Ratio</i>	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
<i>Band D Equivalents</i>	16	29,598	52,141	31,393	16,327	10,069	6,376	4,462	561	150,943
<i>Add Changes re: Additional Properties</i>										1,715
<i>Additional Exemptions</i>										-2,190
<i>Council Tax Support</i>										-19,944
<i>Adjustments to reflect Discretionary Discounts</i>										
<i>Rate of Collection 98.5%</i>										-1,958
<i>Council Tax Base</i>										<u>128,566</u>

### 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>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors	22,897	19,536	2,553	809
Bad debt allowance	(13,392)	(11,426)	(1,493)	(473)
Prepayments and overpayments	(3,729)	(3,181)	(416)	(132)
Surplus/ (Deficit) at 31 March	<b>(5,321)</b>	<b>(4,539)</b>	<b>(588)</b>	<b>(194)</b>

	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
<b>Business Rates</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors	16,554	15,560	828	166	
Bad debt allowance	(8,724)	(8,201)	(436)	(87)	
Prepayments and overpayments	(2,898)	(2,724)	(145)	(29)	
Appeals provision	(27,150)	(25,521)	(1,357)	(271)	
Surplus/ (Deficit) at 31 March	<b>(84,253)</b>	<b>(80,160)</b>	<b>(4,287)</b>	<b>(837)</b>	<b>1,030</b>

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

The Council collects NNDR for its area based on rateable values as determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was on 1 April 2017. The next revaluation was expected to be 1 April 2021, with valuations being effective from this date, but has been delayed due to COVID-19.

Each year the Government specifies an amount known as the non-domestic rating multiplier and (subject to the effects of transitional arrangements) local businesses pay rates calculated by multiplying their rateable value by that multiplier. A second multiplier known as the small business non-domestic rating multiplier was introduced from 1 April 2005 and this multiplier is applicable to those businesses that qualify for small business relief.

In 2020/21 the non-domestic rating multiplier was 51.2p (50.4p in 2019/20) and the small business non-domestic rating multiplier was 49.9p (49.1p in 2019/20).

As part of the governments West of England devolution deal Bristol, Bath and North East Somerset and South Gloucestershire Councils agreed to the establishment of the West of England Combined Authority (WECA) to support economic growth and development across the region. This also enabled the three Council's to take part in a 100% business rates retention pilot. As a result Bristol City Council is now responsible not only for collection of rates due from the ratepayers in its area but also for redistribution of the sums paid according to the following percentages: Bristol City Council: 94%, West of England Combined Authority 5% and Avon Fire Authority: 1%.

The NNDR income after reliefs and provisions was £132.808m for 2020/21 (£224.484m for 2019/20). The significant change is due to specific COVID-19 reliefs given. The total rateable value at 31 March 2021 was £556.356m (£560.880m at 31 March 2020).

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

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

### **City Region Deal**

#### **Background**

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

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

#### **Transactions**

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

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

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

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
<b>Funds held by BRP at 1 April</b>	(41,689)	(11,169)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(28,529)	(7,628)	7,044	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	10,158	3,631	-	(3,631)
- BRP management fee	33	8	-	-
- EDF management fee	64	16	-	-
- Tier 2 EDF funding	1,164	128	-	-
- Tier 3 demographic and service pressures	2,969	650	-	(774)
<b>Funds held by BRP at 31 March</b>	<b>(55,830)</b>	<b>(14,363)</b>		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(15,251)	(4,564)	(2,098)	n/a
Committed cash (Tier 3)	(40,579)	(9,800)	n/a	n/a
<b>Expenditure/(Revenue) recognised</b>	<b>(55,830)</b>	<b>(14,363)</b>	<b>4,947</b>	<b>(4,406)</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 £4,564m contributed by the Council and held by the BRP is recognised by the Council as a debtor and is held in an earmarked reserve to smooth the impact of City Region Deal transactions and match the release of revenue support and charges for projects. The BRP has not made a payment to Bristol City Council on behalf of the EDF in 2020/21 (2019/20 £1.813m).

The Council itself has recognised revenue income of £4.406m (2019/20 £7.010m) from the BRP and expenditure of £4.947m (2019/20 £5.598m) to the BRP for the year.

## Group Accounts

### Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

The Council has interests in a number of companies that are classified as a subsidiary or joint venture, all of which have been considered for consolidation. Three of these, Bristol Holding Limited, Bristol Waste Company Limited and BE2020 Limited (formally Bristol Energy Limited) are considered to be material to the financial statements. Details of the companies considered for consolidation are shown below. Although not material, Goram Homes Limited, and Bristol Heat Networks Limited as subsidiaries of Bristol Holdings Limited has also been consolidated into the group financial statements.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with, Bristol Holding Limited, Bristol Waste Company Limited, Bristol Energy Limited, Goram Homes Limited and Bristol Heat Networks Limited. Copies of the individual audited accounts are available from Companies House.

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Associated Notes to the Accounts where there are significant differences between the Council's single entity accounts and the consolidated Group.

## Group Financial Statements

### The Group Comprehensive Income and Expenditure Account as at 31 March 2021

This statement shows the accounting cost in the year of providing the Group's services in accordance with generally accepted accounting practices.

2019/20			2020/21		
Gross Exp	Gross Income	Net Exp	Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000	£'000	£'000	£'000
391,416	(166,564)	224,852	417,307	(212,528)	204,779
228,165	(160,328)	67,837	240,082	(164,300)	75,782
303,791	(184,194)	119,597	297,632	(115,130)	182,502
105,574	(119,811)	(14,237)	104,341	(123,136)	(18,795)
204,487	(196,848)	7,639	212,076	(201,110)	10,966
17,657	(1,252)	16,405	9,860	(903)	8,957
<b>1,251,090</b>	<b>(828,997)</b>	<b>422,093</b>	<b>1,281,298</b>	<b>(817,107)</b>	<b>464,191</b>
		<b>Cost of services (Note G1)</b>			
		2,099			7,937
		37,869			9,097
		(414,418)			(473,173)
		<b>47,643 (Surplus)</b>			<b>8,052</b>
		(99,683)			(150,901)
		(45,764)			112,632
		-			-
		(145,447)			(38,269)
		<b>(97,804)</b>			<b>(30,217)</b>
		<b>Total comprehensive (income) and expenditure</b>			

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into usable reserves and other reserves.

	Note	General Fund Balance	Earmarked Reserves Restated	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 32)	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 Carried Forward		23,258	81,179	12,493	116,930	78,718	7,852	70,824	3,606	3,919	281,849	1,293,274	1,575,122	(19,122)	1,556,000
<b>Movement in Reserves during 2019/20</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus or (deficit) on the provision of services		(16,866)			(16,866)	3,016					(13,850)	-	(13,849)	42,119	28,270
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	145,431	145,431		145,431
Adjustments between group accounts and authority accounts		(37,948)			(37,948)						(37,948)		(37,948)	(37,948)	(75,896)
<b>Total Comprehensive Expenditure and Income</b>		<b>(54,814)</b>	<b>-</b>	<b>-</b>	<b>(54,814)</b>	<b>3,016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,798)</b>	<b>145,431</b>	<b>93,633</b>	<b>4,172</b>	<b>97,805</b>
Adjustments between accounting basis and funding basis under regulations	Note 18	59,578			50,078	(2,060)	7,688		(1,234)	54,472	(63,972)				-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>4,763</b>	<b>-</b>	<b>-</b>	<b>4,763</b>	<b>956</b>	<b>-</b>	<b>7,688</b>	<b>-</b>	<b>(1,234)</b>	<b>12,173</b>	<b>81,459</b>	<b>93,633</b>	<b>4,172</b>	<b>97,805</b>
Transfers to/(from) Earmarked Reserves	Note 19	(11,020)	16,211	(5,191)	-	7,852	(7,852)	-							
<b>Increase/(Decrease) in 2019/20</b>		<b>(6,257)</b>	<b>16,211</b>	<b>(5,191)</b>	<b>4,763</b>	<b>8,808</b>	<b>(7,852)</b>	<b>7,688</b>	<b>-</b>	<b>(1,234)</b>	<b>12,173</b>	<b>81,459</b>	<b>93,633</b>	<b>4,173</b>	<b>97,805</b>
<b>Balance at 31 March 2020 Carried Forward</b>		<b>17,001</b>	<b>97,390</b>	<b>7,302</b>	<b>121,694</b>	<b>87,526</b>	<b>0</b>	<b>78,513</b>	<b>3,606</b>	<b>2,685</b>	<b>294,024</b>	<b>1,374,733</b>	<b>1,668,754</b>	<b>(14,949)</b>	<b>1,653,805</b>
<b>Movement in Reserves during 2020/21</b>															
Surplus or (deficit) on the provision of services		(30,208)			(30,208)	17,997					(12,211)	-	(12,211)	48,313	36,102
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	38,555	38,555	(286)	38,269
Adjustments between group accounts and authority accounts					-						-		-	(44,154)	(44,154)
<b>Total Comprehensive Expenditure and Income</b>		<b>(30,208)</b>	<b>-</b>	<b>-</b>	<b>(30,208)</b>	<b>17,997</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,211)</b>	<b>38,555</b>	<b>26,344</b>	<b>3,873</b>	<b>30,217</b>
Adjustments between accounting basis and funding basis under regulations	Note 18	172,416			172,416	(7,082)	(20)	7,690	395	173,399	(173,399)				-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>142,207</b>	<b>-</b>	<b>-</b>	<b>142,207</b>	<b>10,915</b>	<b>-</b>	<b>(20)</b>	<b>7,690</b>	<b>395</b>	<b>161,187</b>	<b>(134,844)</b>	<b>26,344</b>	<b>3,873</b>	<b>30,217</b>
Transfers to/(from) Earmarked Reserves	Note 19	(123,543)	123,317	226	-	(651)	651	-							
<b>Increase/(Decrease) in 2020/21</b>		<b>18,664</b>	<b>123,317</b>	<b>226</b>	<b>142,207</b>	<b>10,264</b>	<b>651</b>	<b>(20)</b>	<b>7,690</b>	<b>395</b>	<b>161,187</b>	<b>(134,844)</b>	<b>26,344</b>	<b>3,873</b>	<b>30,217</b>
<b>Balance at 31 March 2021 Carried Forward</b>		<b>35,665</b>	<b>220,707</b>	<b>7,528</b>	<b>263,901</b>	<b>97,790</b>	<b>651</b>	<b>78,493</b>	<b>11,296</b>	<b>3,080</b>	<b>455,210</b>	<b>1,239,889</b>	<b>1,695,098</b>	<b>(11,077)</b>	<b>1,684,021</b>

## Group Consolidated Balance Sheet as at 31 March 2021

31-Mar-20 £'000		Note	31-Mar-21 £'000
2,720,789	Property, Plant & Equipment		2,827,555
204,056	Heritage Assets		207,406
15,958	Intangible Assets		20,573
252,586	Investment Property		275,903
36,551	Long Term Investments	G10	38,678
40,253	Long Term Debtors		38,666
<b>3,270,193</b>	<b>Long Term Assets</b>		<b>3,408,781</b>
89,093	Short Term Investments	G10	64,983
10,804	Inventories		12,431
130,024	Short Term Debtors	G3	148,071
79,927	Cash and Cash Equivalents		148,308
759	Assets held for sale		806
<b>310,607</b>	<b>Current assets</b>		<b>374,599</b>
	Cash and Cash Equivalents		(20,702)
(14,778)	Short Term Borrowing	G10	(4,966)
(213,838)	Short Term Creditors	G4	(227,860)
(2,406)	Provisions		(5,760)
(5,379)	Derivative Financial Instrument		0
(26,741)	Capital grants received in advance		(44,448)
<b>(263,142)</b>	<b>Current liabilities</b>		<b>(303,736)</b>
(450,488)	Long Term Borrowing	G10	(450,488)
(28,257)	Provisions		(26,277)
(1,156,508)	Other Long Term Liabilities		(1,285,527)
(28,600)	Capital Grants Receipts in Advance		(33,331)
<b>(1,663,853)</b>	<b>Long-term liabilities</b>		<b>(1,795,623)</b>
<b>1,653,805</b>	<b>Net assets</b>		<b>1,684,021</b>
(282,498)	Usable Reserves		(451,769)
(1,371,307)	Unusable Reserves	G5	(1,232,252)
<b>(1,653,805)</b>	<b>Total reserves</b>		<b>(1,684,021)</b>

## Group Cash Flow Statement for the year ended 31 March 2021

The cash flow statement shows the changes to cash and cash equivalents of the Group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2019/20		Note	2020/21
£'000			£'000
(47,643)	Net surplus/(deficit) on the provision of services		(8,057)
192,798	Adjustment to net surplus on the provision of services for non-cash movements	G6	143,977
(90,100)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G6	(83,538)
55,055	Net cash flows from Operating Activities		52,382
(20,924)	Investing Activities	G7	20,396
24,365	Financing Activities	G8	(25,099)
58,496	Net increase (decrease) in Cash and Cash Equivalents		47,679
21,431	Cash and Cash Equivalents at the beginning of the reporting period		79,927
<b>79,927</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>127,606</b>

## Notes to the Group Accounts

### Accounting Policies

Generally, the accounting policies for the group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the group accounts:

### Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint arrangements. In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Joint Arrangements (Joint Operations and Joint Ventures) – where the Council exercises joint control with one or more organisations. Where these are material they are included in the group.
- Associates – where the Council is an investor and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (stopping short of control or joint control.) It is presumed that holding 20% of the voting power of an investee (either directly or indirectly) brings significant influence but this presumption can be rebutted.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Bristol Holding Ltd	Direct Subsidiary	Consolidated
Bristol Waste Company Ltd	Indirect Subsidiary	Consolidated
BE2020 Limited (formally Bristol Energy Limited)	Indirect Subsidiary	Consolidated
Bristol Energy and Technology Services (Supply) Ltd	Indirect Subsidiary	Not Material – Dormant company
Local Education Partnership	Joint Venture	Not Material
Bristol is Open Ltd	Direct Subsidiary	Not Material
Goram Homes	Indirect Subsidiary	Consolidated
Bristol Heat Networks Limited	Indirect Subsidiary	Consolidated

The grounds for exclusion from consolidation of certain entities are not material to the true and fair view of the financial statements or to the understanding of the users.

### **Basis of Consolidation – Group Accounts**

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code. Accounting policies have been aligned where applicable.

### **Bristol Holding Limited**

Bristol Holding is a wholly owned subsidiary of the City Council, incorporated on 12 March 2015. The principal activity of the company is that of a holding company and the activities of the group are the provision of waste services, housing development and a gas and electric supply business in the UK with particular focus on residential customers.

On the 13 July 2015 the company acquired Bristol Energy and Technology Services (Supply) Limited for £100,000 and on 31 March 2016, the company acquired Bristol Waste Limited from Bristol City Council.

As at the 31 March 2021 the Council has invested £37.153m in Bristol Holding Limited. This was made up of £9.228m ordinary shares and £27.925m cumulative redeemable preference shares.

### **Bristol Waste Company Limited**

Bristol Waste Company Limited is a wholly owned subsidiary of Bristol Holding Limited. The company was incorporated on 5 March 2015. From the 8 August 2015 the company has been providing waste collection, street cleaning and other maintenance services in Bristol.

### **BE2020 Bristol Energy Limited (formally Bristol Energy Limited)**

BE2020 is a wholly owned subsidiary of Bristol Holding Limited incorporated on 17 July 2014. The company commenced trading on 23 November 2015 and launched its product offering to customers in February 2016. On 2 October 2020 a resolution was passed to authorise the Company to change its name to BE2020

## **Bristol Energy and Technology Services (Supply) Limited (formally Bristol Energy Limited)**

Bristol Energy and Technology Services (Supply) Limited is a wholly owned subsidiary of Bristol Holding Limited incorporated on 14 March 2016. The company is currently dormant. On 14 February 2018 a resolution was passed to authorise the Company to change its name to Bristol Energy and Technology Services (Supply) Limited.

## **Goram Homes Limited**

Goram Homes is a wholly owned subsidiary of Bristol Holding Limited incorporated on 1 October 2018. The company aims to increase the provision of new homes in the city and to meet housing requirements without compromising on build quality particularly around the provision of affordable housing, space standards and sustainability.

## **Bristol Heat Networks Limited**

Bristol Heat Networks Limited is a wholly owned subsidiary of Bristol Holding Limited incorporated on 31 October 2018. The company aims to deliver affordable, low carbon heat and is fundamental to the Council's drive to make the city carbon neutral by 2030.

None of the other entities in which the City Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be found within the Related Parties note in the Council's single entity accounts (Note 38)

## **Events after the Balance Sheet Date**

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

On 3rd June 2021, Bristol Holding Ltd agreed to the reclassification of 27,321,425 redeemable preference shares (at a 7% coupon) held in BE2020 Ltd being converted into ordinary shares held in the company. All accrued and future interest and any arrears of preferential dividend attaching to the preference shares have been waived and written off.

## **Group financial position**

The closing net deficit balance of the group is £43.2m which takes into account previous years losses carried forward.

Where there are no material changes to the statements the notes are as per the Council's single entity accounts. Where consolidation has resulted in material changes additional notes are set out below.

## **G1 Net Cost of Services**

The Net cost of Services in the consolidated CIES includes gross income of £43.9m and gross expenditure of £36.9m associated outside of the group boundary.

## **Revenue from Contracts with Customers**

In addition to note 8a in the Council's single entity accounts the only material contractual revenue income from customers outside of the group boundary is £42m from the supply of energy to both commercial and domestic customers by Bristol Energy Ltd.

## G2 Financing and Investment Income and Expenditure

	2020/21	2019/20
	£'000	£'000
Interest payable and similar charges	36,671	37,291
Loss Allowance (Financial guarantee contracts)	(5,379)	5,379
Changes in the fair value of financial instruments	(2,301)	(2,350)
Pensions net interest cost	22,523	23,029
Interest receivable and similar income	(9,282)	(10,262)
Income and expenditure in relation to Investment Properties	(10,569)	(11,474)
Changes in fair value of Investment Properties	(22,566)	(3,744)
<b>Total</b>	<b>9,097</b>	<b>37,869</b>

## G3 Current Debtors

	31 March 2021	31 March 2020
	£'000	£'000
<b>Current debtors</b>		
Trade Receivables	24,836	16,725
Prepayments	4,677	19,614
VAT	9,632	8,931
Other Receivable Amounts	108,926	84,754
<b>Total</b>	<b>148,071</b>	<b>130,024</b>

## G4 Creditors

	31 March 2021	31 March 2020
	£'000	£'000
<b>Current liabilities</b>		
Trade Payables	10,690	16,470
Other Payables	147,659	127,667
Receipts In Advance	69,511	69,701
<b>Total</b>	<b>227,860</b>	<b>213,838</b>

## G5 Unusable Reserves

	31 March 2021	31 March 2020
	£'000	£'000
Revaluation Reserve	(987,171)	(861,614)
Capital Adjustment Account	(1,505,872)	(1,514,604)
Financial Instruments Adjustment Account	6,898	7,076
Deferred Capital Receipts Reserve	(1,448)	-
Pensions Reserve	1,144,014	991,708
Collection Fund Adjustment Account	87,935	(477)
Accumulated Absences Account	13,388	6,604
Dedicated Schools Grant Adjustment Account	10,004	-
	<b>(1,232,252)</b>	<b>(1,371,307)</b>

## G6 Cash Flow Statement

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

	2020/21 £'000	2019/20 £'000
Interest received	634	4,288
Interest paid	(34,003)	(37,832)
Dividends received	1,954	2,376

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

	2020/21 £'000	2019/20 £'000
Depreciation, impairment and downward revaluations	120,197	82,681
Amortisation	4,525	4,431
Increase/(decrease) in impairment for bad debt	2,131	1,694
(Decrease)/increase in creditors	12,827	27,642
(Increase)/decrease in debtors	(12,774)	(10,155)
(Increase)/decrease in inventories	(2,455)	(8,816)
Movement in pension liability	21,109	47,008
Contributions to/(from) provisions	3,495	4,099
Carrying amount of non-current assets held for sale, sold or derecognised	25,545	46,849
Other non-cash items charged to the net surplus or deficit On the provision of services	(30,623)	(2,635)
<b>Net cash flows from non-cash movements</b>	<b>143,977</b>	<b>190,798</b>

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

	2020/21 £'000	2019/20 £'000
Capital grants credited to surplus or deficit on the provision of services	(41,934)	(33,664)
Net adjustment from the sale of short- and long-term investments		-
Premiums or discounts on the repayment of financial liabilities		
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(41,604)	(56,436)
	<b>(83,538)</b>	<b>(90,100)</b>

## G7 Cash Flow Statement - Investing Activities

	2020/21	2019/20
	£'000	£'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(107,018)	(117,110)
Purchase of short-term and long-term investments	(294,800)	(116,900)
Other (payments)/receipts for investing activities	(4,410)	(173)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	40,291	57,503
Proceeds from short-term and long-term investments	318,600	107,000
Capital Grants Received	64,041	46,700
Other receipts from investing activities	3,692	2,056
<b>Net cash flows from investing activities</b>	<b>20,396</b>	<b>(20,924)</b>

## G8 Cash flow Statement - Financing Activities

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

## G9 Directors Remuneration and Exit Packages

Where a Directors annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed by way of job title. For those Directors whose salary is £150,000 or more, their name is also disclosed.

2020/21				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
<b>Bristol Energy Company</b>							
Interim Managing Director	Apr 20 – Nov 20	A Booth	1	111,209	-	-	<b>111,209</b>
Consultant to the Board	Apr' 20 – Mar' 21	C Smith	1	242,101			<b>242,101</b>
<b>Bristol Waste Company</b>							
Managing Director	Apr' 20 – Mar'21			125,744	-	5,368	<b>131,112</b>
Finance Director	Apr' 20 – Mar'21			110,431	-	4,789	<b>115,220</b>
<b>Goram Homes</b>							
Managing Director	Apr' 20 – Mar' 21			113,300	-	10,300	<b>123,600</b>
<b>Bristol Holding Company</b>							
Executive Chair (CEO)	Apr' 20 – Mar' 21			88,365		18,848	<b>107,213</b>

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

Note 2 - The table above is presented in a format as prescribed in Schedule 1 of the Accounts and Audit Regulations 2015. This presentation differs from that of the disclosure in the Companies audited accounts as these are prepared in accordance with FRS 102.

2019/20				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
<b>Bristol Energy Company</b>							
Managing Director	Apr'19 – Mar'20	M Majewicz		306,081	7,800	9,079	<b>322,960</b>
Interim Managing Director	Mar'20	A Booth	1	33,917	-	-	<b>33,917</b>
Interim Director of Finance	Oct'19 – Mar'20	C Smith	1	113,333	-	-	<b>113,333</b>
<b>Bristol Waste Company</b>							
Managing Director	Apr'19 – Mar'20			119,587	-	5,187	<b>124,774</b>
Finance Director	Apr'19 – Mar'20			73,179	-	3,307	<b>76,486</b>
<b>Goram Homes</b>							
Managing Director	Apr'19 – Sept'19	S Blake		104,046	-	-	<b>104,046</b>
Managing Director	Sept'19 – Mar'20			52,678	-	4,167	<b>63,845</b>
<b>Bristol Holding Company</b>							
Executive Chair (CEO)	Aug'19 – Mar'20			53,871		12,498	<b>66,369</b>
Interim Director of Finance	July'19 – Mar'20		1	121,344	-	-	<b>121,344</b>

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

Note 2 - The table above is presented in a format as prescribed in Schedule 1 of the Accounts and Audit Regulations 2015. This presentation differs from that of the disclosure in the Companies audited accounts as these are prepared in accordance with FRS 102

## G10 Financial Instruments

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

	Long-Term		Current	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(450,488)	(450,488)	(4,966)	(14,778)
Service Concessions	(114,670)	(119,424)	(6,803)	(8,820)
Creditors	(2,738)	(2,281)	(207,569)	(190,410)
<b>Financial Liabilities at Fair Value through profit and loss</b>				
Financial Derivative	-	-	-	(5,379)
<b>Total Financial Liabilities</b>	<b>(567,896)</b>	<b>(572,193)</b>	<b>(219,338)</b>	<b>(219,387)</b>
<b>Financial Assets at amortised cost</b>				
Investments	-	1	91,705	113,003
Debtors	800	1,009	96,008	93,780
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investment	350	350	-	-
<b>Financial Assets at Fair Value through profit and loss</b>				
Investments	38,228	36,100	101,476	56,016
<b>Total Financial Assets</b>	<b>39,378</b>	<b>37,460</b>	<b>288,559</b>	<b>262,799</b>

### Movements

The net increase of financial assets and liabilities (circa £32m) was through a combination of increases in working capital and reserves resulting in additional cash resources to invest in lieu of using these resources.

## Borrowing

	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	102	151
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,251	13,470
- Banks and other monetary sector	1,334	1,136
- Energy Improvement Loans	259	-
- Local Bonds and Property rent deposits	11	11
- Stocks	10	10
<b>Total</b>	<b>4,966</b>	<b>14,778</b>

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

## Income, Expense, Gains or Losses

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

### Financial Instruments Gains and Losses 2020/21

	Financial Liabilities		Financial Assets		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	(28,862)	-	-	-	(28,862)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(28,862)</b>	-	-	-	<b>(28,862)</b>
Interest Income		4,754		109	4,863
Fair Value Movement				2,300	2,300
Dividend Income				2,092	2,092
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(28,862)</b>	<b>4,754</b>	-	<b>4,501</b>	<b>(19,607)</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>(28,862)</b>	<b>4,754</b>	-	<b>4,501</b>	<b>(19,607)</b>

### Financial Instruments Gains and Losses 2019/20

	Financial Liabilities		Financial Assets		Total
	Measured at amortised cost	Loans and receivables	Fair Value through the CI	Fair Value through the I&E	
	£000s	£000s	£000s	£000s	£000s
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	-	5,531	-	301	5,832
Fair Value Movement	-	-	-	2,350	2,350
Dividend Income	-	-	-	2,376	2,376
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(40,647)</b>	<b>5,531</b>	-	<b>5,027</b>	<b>(30,089)</b>

**Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure**

Net gain/(loss) for the year (40,647) 5,531 - 5,027 (30,089)

**Fair Value of Financial Assets and Property Assets**

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

Descriptions	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1 £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	101,476	-	-	56,017	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	29,000	-	-	27,000
Other Unquoted private companies	-	-	128	-	-	100
Pooled property fund	-	-	9,100	-	-	9,000
<b>Fair Value through Other Comprehensive Income</b>						
Other unquoted private companies	-	-	350	-	-	350
<b>Total Non-traded securities:</b>	<b>101,476</b>	<b>-</b>	<b>38,578</b>	<b>56,017</b>	<b>-</b>	<b>36,450</b>
<b>Investment properties</b>	<b>-</b>	<b>275,903</b>	<b>-</b>	<b>-</b>	<b>252,586</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>43,706</b>	<b>-</b>	<b>-</b>	<b>41,957</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>101,476</b>	<b>319,609</b>	<b>38,578</b>	<b>56,017</b>	<b>294,543</b>	<b>36,450</b>

**Non-recurring fair value measurements**

Assets held for sale	806	-	-	723	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>723</b>	<b>-</b>

<b>Valuation techniques and Inputs</b>			<b>Observable and Unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
<b>Description of asset</b>	<b>Valuation hierarchy</b>	<b>Basis of Valuation</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 (further detailed information in note 21)	Level 2	All investment properties have been valued by the Group's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.

Bristol Port Company	Level 3	This investment has been valued by an external specialist valuation company for financial year ending 31 <sup>st</sup> March 2021 and refreshed by Council officers for this financial year on the same basis.	Calculations have been based on an income approach to valuation, by applying a multiple derived from the market to a maintainable profit figure.	Changes to market conditions (local and global), and the comparable data used within the valuations. If the growth of future returns is greater or lesser by 0.5% than the 2% forecast, the fair value will be circa £1.5m higher or lower respectively.
Investments in other unquoted companies	Level 3	These investments have been valued at the Group's share of each company.	Calculations have been based on their latest audited accounts	The value of these companies are relatively low (£478k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Group's share within the pooled fund.	The valuation for Pooled Property Funds have been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £91k higher or lower respectively.

#### Transfers between levels of the fair value hierarchy

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

#### Changes in valuation technique

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

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

Description	31 March 2021	31 March 2020
	Non-traded securities £000	Non- traded securities £000
Opening balance	36,450	34,550
Transfers into level 3	-	-
Transfers out of level 3	-	-
included in the surplus/(deficit) on the Provision of Services	2,228	2,350
included in Other Comprehensive Income and Expenditure	-	-
<b>Total gains/(losses) for the period:</b>	<b>2,228</b>	<b>2,350</b>
Additions	100	100
Disposals	(200)	(550)
<b>Closing balance</b>	<b>38,578</b>	<b>36,450</b>

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

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

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

For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;

For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value;

No early repayment or impairment is recognised;

Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Public Works Loan Board (PWLB)	333,690	501,500	343,909	480,200
Lender Option Borrower Option	70,865	108,400	70,663	99,400
Market Debt	50,469	74,700	50,473	69,200
Current Creditors	210,213	210,213	192,607	192,607
Service Concessions	121,473	192,673	128,244	200,508
Other	524	524	305	305
<b>Total Liabilities</b>	<b>787,234</b>	<b>1,088,010</b>	<b>786,201</b>	<b>1,042,220</b>

The Group has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £1.244bn an increase of £156m which is calculated using early repayment discount rates. The Group has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

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

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

Financial Assets	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	64,983	64,983	33,076	33,076
Cash and Cash Equivalents	26,092	26,092	74,153	74,153
Non-current investments	-	-	1	1
Current Debtors	96,008	96,008	82,203	82,203
Non-current debtors	800	800	10,786	10,786
<b>Total Financial Assets</b>	<b>187,883</b>	<b>187,883</b>	<b>200,219</b>	<b>200,219</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.

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

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

Descriptions	Fair value measurements at 31 March 2021 using:			Fair value measurements at 31 March 2020 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
<b>Recurring fair value measurements using:</b>						
<b>Financial Liabilities held at Amortised Cost</b>						
Public Works Loan Board (PWLB)		333,690			343,909	
Lender Option Borrower Options		70,865			70,663	
Market debt		50,469			50,473	
Service Concessions		123,621			128,244	
Other		524			305	
<b>Total</b>		<b>579,169</b>			<b>593,594</b>	
<b>Financial Assets held at amortised cost</b>						
Current Investments		64,983			33,076	
Cash and Cash Equivalents		26,092			79,927	
Non-current Investments		-			1	
Non-current Debtors		800			1,009	
<b>Total</b>		<b>91,875</b>			<b>114,013</b>	

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

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

## **G11 Nature and Extent of Risks Arising from Financial Instruments**

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

Credit risk – the possibility that other parties might fail to pay amounts due to the Group.

Liquidity risk – the possibility that the Group might not have funds available to meet its commitments to make payments.

Re-financing risk – the possibility that the Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

Market risk – the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and money market movements.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Group provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Group's financial instrument exposure. Actual performance is also reported annually to Members.

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

### **Credit risk**

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

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

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

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

The Group's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

## Allowance for Credit Losses

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

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-20
<b>Current Investments:</b>					
Local Authorities	45,013	0.00%	0.00%	-	-
AA rated counterparties	15,585	0.02%	0.02%	3	-
A rated counterparties	30,477	0.06%	0.06%	18	24
Sub-total	<b>91,073</b>			<b>21</b>	<b>24</b>
Trade debtors	96,008			-	-
Non-current debtors	800			-	-
<b>Total Financial assets</b>	<b>187,883</b>			<b>21</b>	<b>24</b>

The estimated maximum exposure for credit loss for Treasury investments is £21k and therefore no allowance for credit loss have been made for these assets.

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

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

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

- Wherever possible obtaining payment in advance of service delivery
- Availability and encouragement to pay by direct debit
- A wide range of payment options available, including by telephone, internet, banks and retail networks (via the Allpay solution i.e. Payzone, Paypoint and Post Offices)
- Having a standardised recovery process including reminder letters and statement of accounts

Utilising a corporate Debt Management Team to take an ethical debt approach to all types of debt with referral to External Debt Collection agencies or instigating Court claims only used as a last resort  
 Negotiating flexible repayment plans for overdue debt where necessary

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

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

Current debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-20
	£'000	£'000	£'000	£'000
Local tax payers	35,192	(19,626)	15,566	6,099
Housing rents	13,123	(10,091)	3,032	2,880
Other - sundry debtors	149,961	(32,724)	117,237	107,613
<b>Total Other Entities and Individuals</b>	<b>198,276</b>	<b>(62,441)</b>	<b>135,835</b>	<b>116,592</b>
Central Government bodies	10,561	-	10,561	11,047
Other local authorities	1,571	-	1,571	1,636
NHS bodies	160	-	160	749
<b>Total debtors</b>	<b>210,568</b>	<b>-</b>	<b>148,127</b>	<b>130,024</b>
<b>Balance sheet debtors</b>	<b>210,568</b>	<b>(62,441)</b>	<b>148,127</b>	<b>130,024</b>
Current debtors not qualifying as a financial instrument under IFRS	(71,745)	19,626	(52,119)	(36,244)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>138,823</b>	<b>(42,815)</b>	<b>96,008</b>	<b>93,780</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 2021	31 March 2020
	£'000	£'000
Less than three months	30,047	34,073
Three to four months	1,759	4,313
Four months to one year	15,276	9,474
More than one year	46,848	38,862
<b>Total</b>	<b>93,930</b>	<b>86,722</b>

## Liquidity risk

The Group has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Group has ready access to borrowings from the money markets to cover day-to-day cash flow need and the Public Works Loans Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Less than 1 year	288,559	262,800
Between 1 and 2 years	339	438
Between 2 and 3 years	324	15
More than 3 years	38,715	37,006
<b>Total</b>	<b>327,937</b>	<b>300,259</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Less than 1 year	219,338	219,387
Between 1 and 2 years	11,786	6,803
Between 2 and 3 years	7,163	11,786
More than 3 years	548,947	553,604
<b>Total</b>	<b>787,234</b>	<b>791,580</b>

## Refinancing and Maturity risk

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

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

Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Group's day-to-day cash flow needs, and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

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

	Approved minimum limits		Approved maximum limits		Actual 31 March 2021		Actual 31 March 2020	
	limits	%	limits	%	£'000	%	£'000	%
Less than 1 year	-		30		4,966	1	14,778	3
Between 1 and 2 years	-		40		5,000	1	-	-
Between 2 and 5 years	-		40		20,000	4	10,000	2
Between 5 and 10 years	-		50		34,000	7	49,000	11
More Than 10 Years	25		100		391,488	87	391,488	84
<b>Total</b>					<b>455,454</b>	<b>100</b>	<b>465,266</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 Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group. For instance, a rise in variable and fixed interest rates would have the following effects:

Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;

Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);

Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and

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

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

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

At 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

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

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

### **Foreign exchange risk**

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