

# **THE BRITISH EMPIRE AND COMMONWEALTH COLLECTION**

Charity registration number: 1148714

## **Annual Trustees Report 2021-22**

### **1. Use of BECM legacy monies**

Two full time equivalent (fte) posts of archivist (job shared between two people) and Documentation Assistant continued to be funded by the legacy money.

Priority work in this period continued to be

- Continued work to catalogue and digitise the most significant collections of photographs, and films in the collection.
- Cataloguing of paper archives, including those associated with already catalogued photograph and film collections and one further significant collection.
- Transfer of images and metadata to Bridgeman images for commercial usage.
- Contract with Getty to market film and for Nulight to digitise many.
- Continue to review condition of film and negative stock and plan for their eventual transfer to cold storage.
- Participate in public programme events to generate re-use of film stock including within the local community.
- Cataloguing and photographing of the museum artefacts and re-storing as appropriate.

The cataloguing of the photographic collections has resulted in film footage being used at many public events opening up the use of the collection and to stimulate debate on the legacy of Empire.

A major piece of work during this year was the creation of a new online collections search function on the Bristol Archives website [British Empire & Commonwealth Collection - Epexio \(bristol.gov.uk\)](https://bristol.gov.uk/collections). This new facility has radically improved the accessibility of the collections which have been digitised and improved the profile of the collection as a whole.

Towards the end of the financial year steps have been taken to try to seek new funding to commence from April 2023 when the current legacy funding is expected to run out.

*Ray Barnett  
Head of Collections & Archives  
June 2022*



# Draft Statement of Accounts

Bristol City Council,  
for the year ended  
31 March 2022  
(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 2021/22 (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 2021/22.

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

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

**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).

**INVENTORIES** – Goods that are acquired in advance of their use in providing services of their resale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Introduction

An introduction to the 2021/22 statement of accounts  
by the deputy mayor and portfolio holder for finance,



The 2021/22 financial year provided several challenges and opportunities unlike any year before it. Although the year began with the city still firmly in the grip of the global pandemic, over the course of 12 months, the collective effort of residents, agencies, businesses and volunteers across the city ensured that Bristol was firmly on a road of recovery and looking towards a brighter future.

Whilst the year presented several financial challenges associated with the pandemic and the emerging cost of living crisis, we have made significant progress on a number of our key priorities. Over £1bn was spent on local services and projects aimed at meeting the ambitions of our Corporate Strategy and the goals of the One City Plan. We have also laid foundations for major investments in social housing, sustainable heat networks and local transport networks – vital infrastructure that will deliver economic and social value for the city for generations to come.

## **This past year's highlights include:**

- Recording our strongest affordable home building statistics in over a decade. In total, 474 affordable homes were completed in 2021/22, with the majority of these delivered by housing associations with support from the council, alongside the delivery of council homes. Statistics from the past decade indicate a steady increase in affordable homes-built year-on-year, with figures doubling in the past four years.
- Agreeing a landmark £1.8 billion investment package to deliver over 2,000 new council homes for the city whilst undertaking more work to improve the energy efficiency and standards of existing homes.
- Negotiating a major £42 million government backing to deliver the city's Clean Air Zone, support communities with the transition and provide a range of schemes to encourage people to take up cleaner transport options.
- Investing in our voluntary sector with a £5.8m fund set up to provide grants for forty local organisations to support them in continuing the work they do in our communities.
- Approving a £500,000 investment in supporting foster carers to continue playing the incredible role they do in caring for and nurturing some of the city's most vulnerable young people.
- Completing work on the largest energy centre of its kind in England which will have the capacity at 3MW to supply low-cost, low-carbon heat to 2,500 homes. Bringing the total capacity of the network up to 19MW.
- Delivering work across the city centre aimed at improving the safety of women at night using £282,000 of Home Office funding to deliver training for venues aimed at stamping out sexual harassment and drink spiking.
- Directly supporting 185 new apprenticeships across council services that are supporting people at the early stages of their careers or into new work opportunities.
- Taking the next steps to delivering our One City ambitions for families by publishing the three-year Belonging Strategy for Children and Young People that sees partners across the city commit to helping every child have the best start in life.
- Publishing our ambitious vision for Western Harbour which includes proposals for housing, commercial and cultural developments, of which 50 percent of the accommodation will be affordable.

- Securing over £750,000 of government and Bristol Museums Development Trust funding to deliver vital infrastructure and maintenance works to ensure the much-loved Bristol Museum and Art Gallery remains open to welcome visitors for many more years to come.
- Taking the next steps towards the regeneration of Hengrove Park and tasking our housing delivery company, Goram Homes, with the job of delivering 1,400 new homes, at least half will be affordable social rent or shared ownership homes.
- Supporting low-income families during school holidays by delivering the £1.8 million Holiday Activity and Food Programme (HAF). The HAF programme, rebranded in Bristol as Your Holiday Hub supports local providers to deliver over 2,000 activities for people across the city. Activities, which include a free healthy meal are available for over 11,000 school age children in receipt of benefits related free school meals. during the Easter, summer and winter school holidays.
- Extended our fully funded Council Tax Reduction Scheme into its ninth year of supporting nearly 36,000 low-income households meet their council tax bill with plans put forward to continue that commitment for a tenth consecutive year.
- Delivered a balanced and legal budget that preserves plans to spend and invest over £1 billion on delivering critical services and a variety major improvement projects. This was achieved despite facing additional budget pressures of £14.7m associated with the pandemic and the ever-increasing costs of delivering services.

In a year unlike any we have experienced before, the dedication, energy and commitment of colleagues from across the council and our city partners has helped see us through the challenges we have faced. We remain determined to continue to build on the progress we have made this year to deliver the infrastructure and support communities need to grow and thrive.

Our financial performance remains strong, and we welcome the opportunity to reflect on the year gone by and look ahead with renewed energy and purpose. As we continue to respond to the lasting impacts of the pandemic, Brexit and the cost of living crisis we remain focussed on ensuring that we deliver value for money for tax-payers and ensure our financial position is sufficiently robust to meet the challenges we face.

### **Councillor Craig Cheney**

*Deputy Mayor – City Economy Finance and Performance*



# 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.

Welcome to our Narrative Report which aims to demonstrate a clear link between our resources, our strategy and our performance in a transparent and accessible way. It shows how we've helped deliver intended outcomes and created value throughout 2021/22, and how we are planning ahead to respond as effectively as possible to future challenges.

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

The city has a growing global reputation and has been recognised for its efforts across many different sectors. The city is a UNESCO City of Film as well as a UNESCO Learning City. Bristol has been awarded a prestigious A List rating from not-for-profit charity, CDP, in recognition of our efforts to tackle the climate crisis, and our One City Approach has been held up by the European Commission as a world class initiative to tackle urban challenges.

Despite Bristol's ongoing recovery from the COVID-19 pandemic, a number of challenges continue to impact the city and its population:

- The housing crisis persists, and efforts continue to be made to deliver much needed housing to meet the needs of the 16,000 people on the council's housing register and over 1,000 people in temporary accommodation. To address this the council is investing over £1.8 billion in delivering a housing business plan and supporting projects across the city to deliver new housing and working with regional partners to develop plans to allocate land for house building in the future
- The twin challenges of the climate and ecology crises are being met through working together as a city to meet the goals of the One City Plan. The plan sets out annual goals to meet to the year 2050 that would see the city become carbon neutral and climate resilient by 2030. These plans will also see large areas of the city protected and improved for wildlife to encourage bio-diversity and halt the decline in species seen in recent decades.
- The city continues to prioritise the needs of the most vulnerable and has undertaken significant efforts to ensure support is available. From continuing financial support for low-income families, delivering free school meals for families, working across sectors to promote food sustainability and publishing the Bristol Belonging Strategy to give children the best possible start in life. Despite these challenges Bristol is still a city of hope and ambition.

# Our Services 2021/22

The following core services are provided by the council:

## Core Services:

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

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

### Growth & Regeneration:

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

## Resources:

### Provides internal support services including:

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

## Ring-fenced Accounts:

### Housing Revenue Account:

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

### Dedicated Schools Grant:

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

### Public Health:

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

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

## Our Leadership and Workforce:

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

- **Mayor, Marvin Rees**, elected mayor for Bristol, with city council responsibilities that include ultimate responsibility for all major policy decisions, setting the vision and direction of the council; and making 'executive' decisions within the budget and policy framework set by Full Council.
- **Our workforce** - Overall, our workforce comprises 7,301 'full time equivalent' employees. Of this total, 1,684 are employed within our locally maintained schools.

# Our Services 2021/22

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- **The One City Plan** - The One City Approach brings together a wide range of public, private, and third sector partners within Bristol. They share an aim to make Bristol a fair, healthy and sustainable city. The One City Plan describes where we want to be by 2050, and how city partners will work together.
- **Governance** - We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, intelligent and open decision making, and accountability and transparency.
- We have set out our governance standards in our Code of Corporate Governance, which explains how the vision and values of the organisation are at the heart of the Council's approach to governance. The CIPFA Financial Management code sets the professional standard for good and sustainable financial management to which local authorities must comply.
- Our Annual Governance Statement reviews the extent to which we have met the standards in both codes, and describes the progress made throughout the year in addressing our key governance challenges and areas for further improvement action.

# Our Performance

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

## Key facts: Communities & living



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

**74%** of residents are satisfied with their local area as a place to live. (2021 Bristol Quality of Life survey) (**80%** 2020/21)



**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



Over **3,800** affordable homes built in Bristol since 2006

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



Nearly **3,500** student units have been completed between 2006 and 2021

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.



**26** people sleeping rough in a single night in Bristol compared with **50** in November 2020. (National annual count - January 2022)

## Key facts:

### Adult Social Care

**3,995**

adults received a community-based social care support during 2021/22



a further **1,858** care home places were funded



# Our performance

## Key facts: Culture & Creativity

**32%** participate  
in cultural activities at  
least once a month  
(**33%** 2020/21)



## Key facts: Education

**81.3%**



rated as Good or Better for overall  
effectiveness by OFSTED (March 2022)  
(**78.9%** March 2021)

## Key facts: Transport and sustainability

Number of people  
who ride a bike  
at least  
weekly **27%**  
(**28%** 2020/21)



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



**83kg** of waste per  
household was  
landfilled in 2021/22  
compared with **122.5kg** in 2020/21



**44%** of all  
household waste was  
sent for reuse, recycling  
and composting in 2021/22  
(**45%** 2020/21)

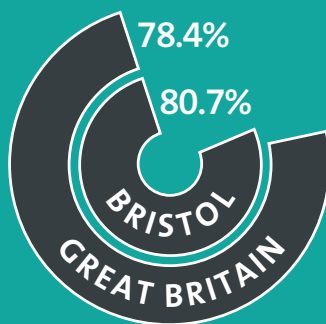


Citywide CO2 emissions  
have decreased by  
**43%**  
(2005-2019)



## Key facts: Economy & employment

263,000 working age  
residents were in  
employment in  
December 2021.



### Average earnings



(**£31,900** in 2020)

# 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 2021/22.

## Revenue Financial Summary 2021/22

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

The net General Fund outturn expenditure is £423.4m which compared to the original budget agreed by Council in February 2021 of £424.4m gives an in-year underspend of £1.0m after utilisation of Covid funding and other drawdowns from earmarked reserves. This was largely driven by the improved income in Adult Social Care from the CCG and NHS.

The impact of the Covid-19 pandemic and resulting lockdowns has continued to have a significant impact on the financial position of the Council in 2021/22. Throughout the year the financial impact on the Council caused by Covid-19 resulting in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income. There was a wide variety of additional funding that was provided by Central Government to support Councils in addressing the additional need relating to Covid-19 both in 2020/21 (of which various amounts were able to be carried forward and utilised in 2021/22) and amounts allocated in 2021/22.

The Council's assessed pressure from lost income, undeliverable Covid-19 related savings and from additional service expenditure associated to Covid-19 equates to £56.6m

for 2021/22 (this compares to £74.7m in 2020/21). This additional expenditure is fully met by the range of Covid-19 grants received during the year, totalling £35.7m and the utilisation of amounts carried forward from 2020/21. This leaves a further £10.1m to be carried forward to meet further pressures.

This improved outturn position means that our finances are better placed to meet the ongoing challenges over the medium term, ensures the continued delivery of organisational priorities, and provides for increasing financial resilience in 2022/23 and beyond. The retention of an appropriate level of general reserves is essential in order to mitigate financial risk (including future funding uncertainties and expenditure pressures caused by high inflation and changes in social care legislation) and is a key indicator of sound financial governance.

The gross cost of services during the year was £1.285bn (£1.243bn 2020/21). 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 £504.1 m (£470.1m in 2020/21).

A reconciliation between the £423.4m outturn against the £504.1m net cost of service is shown in the following table.

# Financial performance

## EFA table

	Outturn agreed by Cabinet  £'000	Adjustments to Outturn				Net cost of service  £'000
		(Note 1) £'000	(Note 2) £'000	(Note 3) £'000	(Note 4) £'000	
People	242,726	(19,578)	13,331	7,648		<b>244,127</b>
Resources	69,827	(10)	11,215	8,037		<b>89,068</b>
Growth and Regeneration	67,573	9,186	62,658	9,171		<b>148,588</b>
Housing Revenue Account (Note 5)	(3,785)	(9,655)	1,710	4,664		<b>(7,066)</b>
Dedicated Schools Grant	14,647	1,109	0	7,778		<b>23,534</b>
Corporate Funding and Expenditure	32,395	(18,063)	16,348	(5,153)	(19,724)	<b>5,803</b>
	<b>423,383</b>	<b>(37,012)</b>	<b>105,262</b>	<b>32,145</b>	<b>(19,724)</b>	<b>504,054</b>

Note 1: Removal of interest receivable & paid and reserve adjustments to Corporate Funding & Expenditure

Note 2: Capital adjustments for depreciation, impairment, revaluations and capital financing

Note 3: Pension adjustments

Note 4: Reserve movement for the DSG and adjustments to the collection fund

Note 5: The surplus on the HRA is transferred to reserves for future re-investment in the HRA

# Financial performance

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## Sources of Funding

During 2021/22 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 £181.9m of business rates of which £156.3m (net of reliefs) is retained in year by the Council. This is also net of the tariff of £84.5m 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 £283.3m of Council Tax (on behalf of Avon and Somerset Police and Crime Commissioner, Avon Fire Authority, and itself), of which £236.2m 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 £29.7m 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 reduced overall by £37.6m. This is largely because of the utilisation of Covid related funding received in 2020/21 but required for use in 2021/22. This includes the use of £83.1m of grant funding 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. Similarly, £29.7m of grant funding has been carried forward to offset collection fund losses in 2022/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2021/22 are charged to the General Fund in future years. Further Covid funding of £10m, received in 2021/22 has also been carried forward to manage the pandemic over the medium term and meet future commitments and ongoing loss of income..

Other significant contributions to reserves during 2021/22 include:

- Housing Revenue Account (HRA), additional contribution of £5.4m largely from £3.8m underspend on the HRA and £1.6m net contribution to the major repairs reserve
- Capital Investment Reserve of £6m.
- S256 Healthier Together Funding for Integrated Care of £28.5m
- General Fund reserve increased by £4.4m following settlement of pay awards and release of retained fund.



# Financial performance

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## Dedicated Schools Grant

At the end of 2021/22 the deficit on the Dedicated Schools Grant (DSG) adjustment account has increased to over £24.6m, 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 and Early Years' SEN budget where an in-year overspend of £0.499m was recorded in Early Years' SEN panel expenditure which is reflected in the overall £0.149m reduction in the end of year cumulative position of the Early Years' block to £0.472m underspend, from £0.621m brought forward balance at the start of the year.

The main areas of need, driving the overspend in the High Needs Block continue to be top-ups, which have seen an increase of 10% in number of children and young people with an Educational Health Care (EHC) plan at January 2022. Number of live cases increased by 25.6% (461 cases at the end of 2021 compared to 367 cases at the end of 2020) and an increased proportion of children with higher banding due to complexity of needs. Nationally the pressures in this area have been recognised by government and an increase in funding (of £9.848m) has been announced for 2022/23.

The additional funding allocation for 2022/23 recognises the pressure nationally but is still not sufficient to meet any increase in need or to tackle the historic deficit. The high level strategy for dealing with the funding pressures in the High Needs Block, continues to be:

- Transforming the High Needs service through the Education Transformation Programme via stakeholder engagement and public consultation; and
- 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).

High Needs block overall spend in 2021/22 was £83.78m (excluding £1.472m on Transformation Project). The budget for 2022/23 has been set, with the High Needs Block having a total budget of £78.214m which is £5.566m less than 2021/22 total expenditure.

The DSG is a ring-fenced budget and regulations state that it cannot be subsidised by the General Fund, so must balance in the longer term. The transfer of 0.5% (approximately £1.5m) from the Schools Block to fund the Education Transformation Programme for another year to enable further work on DSG improvements plans in order to achieve a balanced in-year position and deliver DSG within a sustainable envelope in the long term.

In addition to the DSG deficit 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 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 needing support in 2022/23.

Councils with an overall deficit on their DSG account at the end of a financial year must be able to present a plan to the Department for Education 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 implemented a template with a focus on High Needs, to help local authorities manage their DSG and Bristol is using this template.

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.

# Financial performance

**Schools Reserves** – Individual Schools Balances at the end of March 2022, overall school's revenue balances have decreased by £2.103m from £6.361m to £4.258m.

## 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 £3.8m
- The Council manages 26,861 homes
- The Council collected £112.5m in dwelling rent in 2021/22 (£113.8m in 2020/21)
- The Council spent £39.4m in 2021/22 (£39m in 2020/21) on new builds and improvement to existing housing stock.

## Capital Investment

Capital expenditure forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspiration to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial stability. Overall, the Capital Programme for 2021/22 was originally set at £321.4m. Capital spending (including revenue expenditure allowed to be funded by capital) during the year totalled £167.3m. An analysis of capital investment by directorate and sources of capital funding are shown in the table below. The Capital Programme was financed from a combination of borrowing (£42.6m) and from grants, contributions, and reserves (£124.7m).

Approved Budget Council £m	Directorate	Revised Budget £m	Outturn £m	Outturn Variance £m	Variance from budget %
31.4	People	19.7	20.3	0.60	(3)
8.3	Resources	5.9	5.5	(0.40)	7
159.1	Growth and Regeneration	124.2	102.1	(22.1)	18
12.0	Corporate	1.3	0	(1.3)	-
110.6	Housing Revenue Account	52.6	39.4	(13.2)	25
<b>321.4</b>	<b>Total</b>	<b>203.7</b>	<b>167.3</b>	<b>(36.4)</b>	<b>18</b>

*Financed by:*

76.9	Prudential Borrowing	45.2
106.0	Capital Grants	72.9
26.8	Capital Receipts	7.2
110.6	HRA	39.4
1.1	Revenue Contributions	2.6
<b>321.4</b>	<b>Total</b>	<b>167.3</b>

# Financial performance

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## The major areas of investment have included:

- £39.4m invested in the Council's housing stock (of which £21m was on new build developments).
- £30.3m invested in a significant refurbishment programme of the Bristol music venue, Bristol Beacon.
- £24.9m invested in transport schemes including Streetspace improvements, Electric charge points, Flood defences, Carpark buildings, Clean Air Zone, Bus Deal Programme, Traffic infrastructure, Street Lighting and Highways maintenance.
- £17.7m invested in school buildings to provide additional pupil capacity to meet increased demand, the main spend incurred on Trinity Academy, KnowleDGE 6th form, Perry Court Academy and Special Education Needs and Disability (SEND) expansion programme.
- £17.6m invested in Energy renewables and the Heat Networks Programmes at Temple and Bedminster.
- £7m invested in housing enabling work to accelerate the affordable provision including Airport Road development, Hengrove, Lockleaze and Southmead regeneration programmes.
- £4.7m 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.
- £3.8m invested in Waste Depot facilities.
- £3.6m invested in housing adaptations and assistance programme.
- £3.1m invested in the Hawkfield Business Park development and Bottleyard Studios.
- £2.4m invested in the Adult Social Care (residential), Better Lives at Home transformation programme.

The Council holds £3.31bn of fixed assets, comprising £2.759bn of operational assets for delivering services, £207m of Heritage Assets for cultural benefit and £344m of non-operational assets.

# 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 delivered rather than for yield.

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 remained on-going during 2021/22.

In September 2021 the Council approved Goram Homes joint venture plans for 268 new homes at Romney House, Lockleaze. The site was transferred during 2021/22 to Goram Homes joint venture in return for £12.9m of repayable loan notes. 147 homes (55%) will be affordable and managed by Bristol City Council.

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. These totaled £27.6m and were in line with business plans and investment reports approved by Cabinet.

## Transactions with Council Owned Subsidiaries

### Bristol Heat Networks

A loan facility of up to £12.7m is in place to Bristol Heat Networks related to the Heat Network Investment Project (HNIP), assets Old Market and Redcliffe Phase 2, with £0.3m drawn down during 2021/22.

### Goram Homes

Two working capital loans have been agreed for Goram Homes, one of £3.3m for pipeline activities 1 of which £2m has been drawn down as of 31 March 2022 and further \ facility of £4m (pipeline 2) of which Goram has not drawn down yet. In addition, the

Council also holds £12.9m repayable loan notes representing its transfer of the Romney site in Lockleaze, Bristol to Goram Home's Joint Venture for the development of that same site.

### Bristol Waste

A loan facility is in place to Bristol Waste for fleet vehicles replacement of £12.7m, of which £11.3m has been drawn down. £8.4m plus interest remains outstanding as at 31 March 2022). A further loan of £2.8m has been entered in to for Phase 2 of the Avonmouth site redevelopment.

### BE 2020

The Council invested £36.5m in Bristol Energy Limited between the period 2015/16 when it was agreed to be established and 2019/20 financial years. 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. During 2020/21 this investment was written down to zero in the Council's accounts.

Following the sale of Bristol Energy in 2020 a process began of entering the successor company, BE 2020 Limited into a Members voluntary liquidation. The Council granted a Parent Company Guarantee (PCG) (£3.9m) and an overarching indemnity of up to £7.3m to cover all liabilities which may fall due as a consequence of the sale and orderly winding up of BE 2020 as at 31 March 2022, a total of £5.47m (net of income received from BE 2020) had been drawn down against this indemnity of which £3.75m was attributed to 2021/22.

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).

# Financial performance

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## The City Leap Partnership and Bristol Heat Networks Ltd (BHNL)

In April 2022, Cabinet noted the appointment of Ameresco Limited, with Vattenfall Heat UK Limited as an essential Sub Contractor, as the City Leap Preferred Bidder; and approved the principle of the establishment of City Leap Energy Partnership Limited as a 50/50 joint venture between the Council and Ameresco Limited.

The arrangement is intended to be for a 20-year period with the aim of delivering up to £1bn of inward investments in low carbon energy to support the aim of Bristol becoming a carbon neutral city by 2030. The council will grant access to its estate to deliver low carbon energy infrastructure and facilitate delivery in the wider city, including with existing community energy groups and networks. The Partner will contribute capital funding, capacity and expertise in the delivery of low carbon energy infrastructure projects.

The transition phase of City Leap has commenced, which include the proposed transfer of the heat network and its assets from the Council to Bristol Heat Networks Limited (BHNL), a wholly owned company of the Council and the subsequent sale of BHNL to the Strategic Partner.

Subject to approval the Heat Network Assets to be transferred comprise of HNIP (Old Market, Redcliffe Phase 2, Bedminster and Temple Networks) and Non HNIP funded assets (comprising completed Phase 1 Temple & Redcliffe Networks, including a small portfolio of HRA owned assets at Broughton House).

The precise value of the HNA to be transferred into BHNL is expected to be at the recorded book value less associated grant funding received by the Council, circa. £20.4m (30 June 2022). The assets are in part, still under construction, any additional costs incurred to the transfer date will be included in the transfer price to BHNL.

The current loan facility agreed by the Council is £12.7m. To date, only £300k has been utilised as a working capital facility. Based on the current

projected cash flows, and assuming a transaction date in Q4 2022, additional lending would amount to a minimum of £11.1m (£23.8m) allowing some headroom for unforeseen delays and/or SDLT liabilities crystallise & become due.

The above is a post balance sheet event and further details will be provided as the transactions conclude and the accounts are finalised.

## Treasury Management

The 2021–2026 Treasury Strategy identified a medium term net borrowing requirement of £260m 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 (£237m at March 2022). 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 £213m at the end of the year. The average level of treasury funds available for investment purposes during the year was £242m. The return for the period was 0.13% compared to the recognised benchmark of -0.04% LIBID (7 day London Interbank Bid Rate average for period).

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



# Financial performance

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## Pensions

Equity markets were strong in 2021/22 as the impact of COVID-19 restrictions on economy activity abated. In contrast bond markets fell initially due to central banks raising interest rates to dampen the inflation emerging as economic growth recovered. As the year closed, inflation increased sharply driven by oil, gas and commodity prices as a result of the conflict in Ukraine.

The combination of high inflation and lower growth will be a challenge to many pension schemes over the next 2-3 years and if persistent for longer, it could present 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 2022 is £1.026bn. This represents the value of what the Council owes across future years offset by the value of assets invested in the pension fund. The deficit on the Pension Fund fell by £249m over the last year, this was mainly due to a rise in yields from corporate bonds due to a combination of higher interest rates and concerns of inflation, partially offset by a rise in benefit values which are indexed to inflation.

The current funding level at 31 March 2022 is an estimated 100% based on the 2019 funding plans.

## Contingencies

The Council has set aside a provision of £25.2m 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 Council saw a marked increase in successful appeals during 2021/22 so has maintained the provision at 2020/21 levels. There were approximately 267 appeals outstanding as at 31 March 2022.

## Budget for 2022/23 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 March 2022 the Council agreed a balanced budget for 2022/23. This included a net revenue budget for 2022/23 of £431.1 m but also a ten-year capital programme totalling £1,906.1m 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.

Whilst the Council, like many others across the country, remains subject to financial challenges in its funding, it has prioritised the revenue resources available to fund key services such as social care, sought to protect the most vulnerable, and to invest in our city infrastructure during these uncertain times, to build confidence and to facilitate a sustainable future.

The on-going economic uncertainty has led to the government only providing a single year financial settlement for local authorities and retaining commitment to return to multi-year spending reviews when appropriate. This continues to hamper financial planning and financial sustainability.

# Financial performance

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Given these uncertainties 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 ongoing uncertainty in relation to the pandemic, and its impact on economic recovery, ongoing demand, and cost of social care for both Adults and Children and families, the delivery of Special Education Needs and Disability (SEND), homelessness, the achievement of the Council's current and future year's budget savings in both their timing and income target and the potential risk of 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 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 2021/22 include delivery of the Council's capital programme, provision of enough affordable homes to meet the City's needs, safeguarding vulnerable 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 2022, details of which can be found on the Councils Internet page (Public Pack)Agenda Document for Audit Committee,

## 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's 2020/21 index data. 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.



# Financial performance

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## 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, Goram Homes Limited and Bristol Heat Networks Limited. Full details of the relationship can be found in the Group Accounts section of the Statement.

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

## The Supplementary Financial Statements are:

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

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

The Notes to these financial statements provide more detail about the Council's accounting policies and individual transactions. Our Annual Governance Statement sets out the governance structure of the Council. It summarises the outcome of our review of the Governance Framework that has been in place during 2021/22 and our system of internal control, which is a critical component of our overall governance arrangements.

**Denise Murray**

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

# Statement of Responsibilities

## The Authority's Responsibilities

The Council is required to:

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

## The Director of Finance Responsibilities

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

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

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

The Director of Finance has also:

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

## Certificate of the Director of Finance

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance and cash flows of Bristol City Council for the period ending 31 March 2022.

***Denise Murray***

Denise Murray  
Director of Finance (Section 151 Officer)  
26 July 2022



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



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# ***ANNUAL GOVERNANCE STATEMENT***

## ***2021/22***

***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 2021/22 and up to the date it is signed (the final version will be signed on the date the Council's financial statements are approved as final). It also meets the requirements of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS in accordance with proper practice in relation to internal control.
- 1.5 We also have a duty to continually review and improve the way we work. In demonstrating compliance with the Code, we have also reflected on the governance improvements we have made during the year.

## 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 The Covid-19 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. The Council recognises that these risks, particularly the significant financial impact, and the long-term effect on the level of resources available to the Council. In response, the Council has changed the way it delivers services and continues to strive to develop and implement new service delivery models that meet the needs of Bristol residents. In addition, other global and national developments such as the Russia-Ukraine War and Brexit have created significant risks that have altered the organisation's risk landscape. The Council is using its Risk Management Policy to effectively manage these and other significant risks while supporting innovation and maximising opportunities.

- 2.3 In May 2022 a referendum on the governance arrangements for the Council was held. The results of that referendum will see significant changes to our current governance structure from 2024 onwards. The Council is now starting to prepare for a move from an Elected Mayor and Cabinet model of governance and decision making to a system of one or more Committees made up of elected councillors making decisions.
- 2.4 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 2021/22 the Council's systems of internal control, governance and risk management were adequate and operating effectively albeit with improvement needed in certain areas. The Council will continue to prioritise areas identified as requiring further improvement to ensure our arrangements remain fit for purpose and resilient moving forward.
- 2.5 The significant governance issues identified as part of this review and the actions being taken to address them are detailed in section 7.

 <b>Signed:</b> <b>Date: 27 July 2022</b> <b>Marvin Rees - Elected Mayor of Bristol</b>	 <b>Signed:</b> <b>Date: 27 July 2022</b> <b>Mike Jackson – Head of Paid Service</b>
 <b>Signed:</b> <b>Date: 28 July 2022</b> <b>Denise Murray – Chief Finance Officer (s151 Officer)</b>	 <b>Signed:</b> <b>Date: 28 July 2022</b> <b>Tim O'Gara – Monitoring Officer</b>

### 3. Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 3.2 The approach to governance takes account of the environment in which the Council now operates; its aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 3.3 The Council's constitution is updated periodically and sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees, and community councils. Decision-making powers not reserved for the Mayor and / or councillors are delegated to chief officers and heads of service.

The Monitoring Officer ensures that all decisions made are legal and supports the audit and value and ethics committees in promoting high standards of conduct amongst members.

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

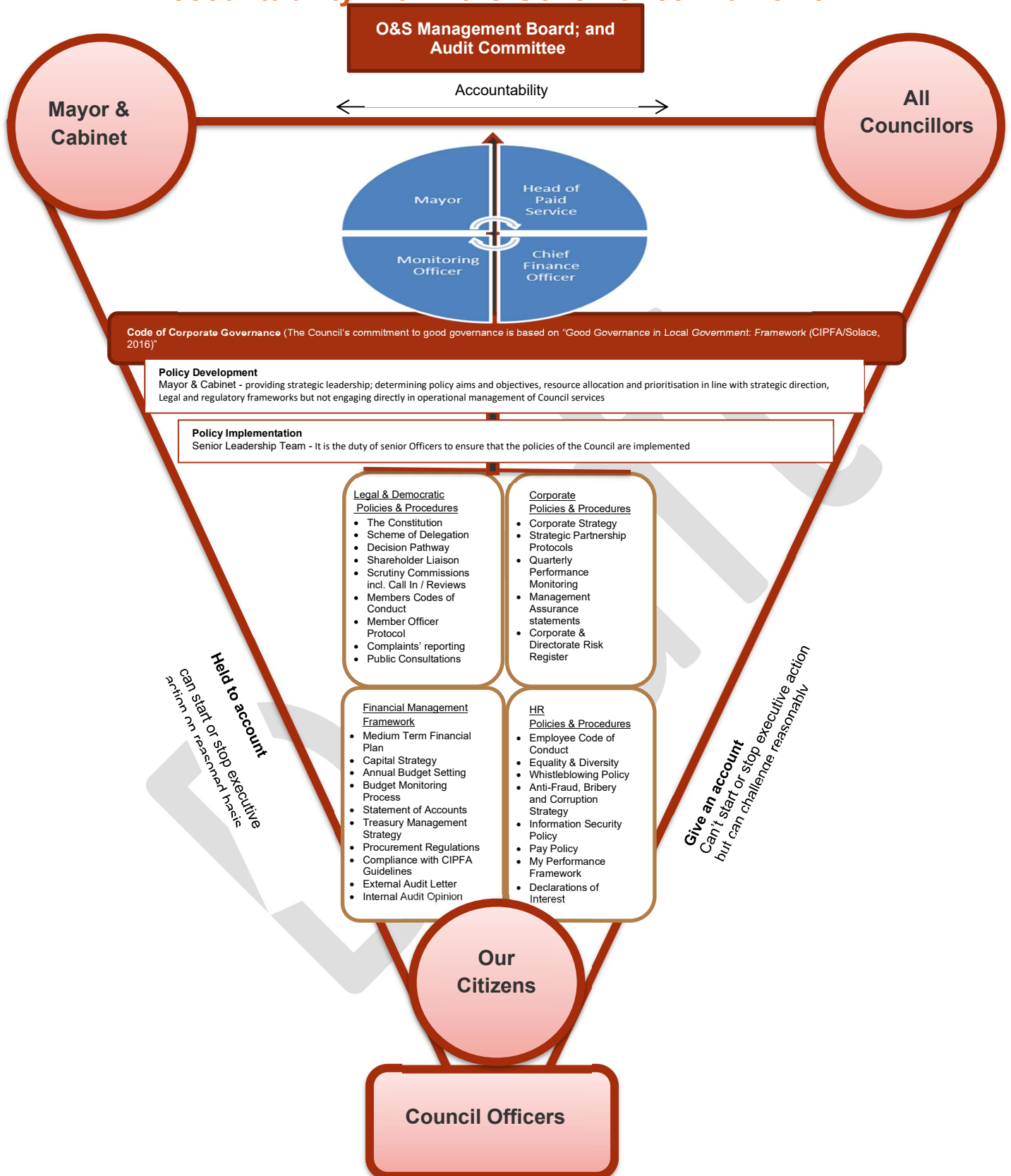
#### Committees and Boards:

Scrutiny Commissions	Regulatory Committees:	Other Committees:	Partnership Boards:
<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, 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 2021/22:

Core Principle	Governance in Action (2021/22)
A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<p>The Council's <b>Constitution</b> sets out the legal framework for decision making and professional legal advice is taken to support decision making across all executive and non-executive functions, including where appropriate external legal advice. The Monitoring Officer has oversight of decisions through the <b>Decision Pathway</b> and the legal service is consulted on the legal implications of all reports to ensure compliance with all relevant laws and regulations. The Monitoring Officer has confirmed that all decisions have been made in accordance with the relevant policy framework.</p> <p>The Council's Corporate Strategy sets out the <b>values and behaviours</b> it expects from its employees. Managers are required to review performance against the values and behaviours as part of the individual performance management framework. Assurances from line managers have confirmed a good level of compliance with this.</p> <p><b>Codes of conduct</b> 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 where there are conflicts. Assurances from line managers have confirmed a good level of compliance in terms of staff conduct. Minutes of meetings record declarations of interests by Councillors.</p> <p>The Council developed and implemented a comprehensive <b>Member Induction Programme</b> following the May 2021 local elections. The Member Induction Programme covered ethical standards, obligations under the Member Code of Conduct as well as a range of other development modules, such as safeguarding, health and safety and equalities. This Programme has achieved the highest level of accreditation from South West Councils. The Monitoring Officer has confirmed that there have been no reports or investigations in respect of Members conduct in 2021/22.</p> <p>Re-certification of our <b>Environmental Management systems (ISO 14001)</b> was achieved during 2021/22</p> <p><b>Focus of future improvement:</b> Consistent and effective management of potential conflicts of interest.</p>
B. Ensuring openness and comprehensive stakeholder engagement	<p>Our <b>Communications Strategy 2019/2023</b> 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.</p> <p>The council has engaged comprehensively with partners during 2021/22, including regular city partner meetings in relation to <b>Covid-19</b>. These include the Local Engagement Board, the BNSSG Local Outbreak and Management group, the Health Protection Advisory Committee, the Health and Wellbeing Board, and Healthier Together Executive.</p>

	<p>Partnership working in <b>One City Boards</b> was refreshed, including reviews of Terms of Reference and an open expressions of interest process for people to apply to sit on the boards. Actions to formally establish a One City Governance Board and to identify more opportunities for pro-active engagement with Scrutiny on BCC-related elements of the system will continue in to 2022/23.</p> <p>The council engaged widely with stakeholders in producing key strategic documents, including the <b>Economic Recovery and Renewal Strategy</b>, and the refresh of the council's overarching <b>Corporate Strategy</b>. This latter strategy benefitted from extensive engagement including a cross-party Scrutiny Task and Finish Group, partner workshops with organisational strategy leads, input from Mayoral Commissions, the Citizens' Assembly and more. It was also subject to formal public consultation and Scrutiny.</p> <p>The Council's <b>budget process</b> included a Scrutiny task and finish group and was subject to formal public consultation and Scrutiny.</p> <p>During the year, the refreshed <b>Partnerships Policy</b> was launched and set out clear requirements of formal partnership arrangements. This was presented at multiple management forums and a process was established for senior managers to review the council's partnerships and collaborations register via Executive Director Meetings. Management assurances provided in this area confirmed a good level of compliance with requirements to ensure the benefits of partnership working are clear and that governance and accountability between partners is clear.</p> <p><b>Focus of future improvement:</b> Establishing a One City Governance Board and scrutiny engagement in BCC elements of One City, including OSMB update.</p>
C. Defining outcomes in terms of sustainable economic, social and environmental benefits	<p>During 2021/22 significant work was undertaken to review and define strategic objectives and outcomes related to sustainable economic, social and environmental benefits. This included the updating of the council's medium term <b>Corporate Strategy 2022-27</b> and an aligned review of the <b>Medium-Term Financial Plan</b>.</p> <p>Work was undertaken council-wide to action plan against cross-cutting Corporate Strategy principles around inclusion, sustainability and resilience; and this in turn helped inform service-level planning through a council-wide <b>Service and Business Planning process for 2022/23</b>.</p> <p>Significant work was also undertaken to plan actions against the city-wide <b>One City Economic Recovery and Renewal Strategy, One City Climate Strategy and One City Ecological Emergency Strategy</b>, delivered in part by the City Council alongside a wide range of city partners. A new Strategic Climate and Ecological Emergency Board has been established to improve governance over action delivery</p> <p>Further work was also undertaken at a tactical and operational policy level to embed sustainability, inclusion and environmental considerations in business processes, including the development of a <b>Sustainable Procurement Policy and an Ethical and Sustainable Investment Policy</b>.</p> <p><b>Focus of future improvement:</b> Strengthening governance and monitoring of activities that contribute to carbon reduction ambitions.</p>
D. Determining the interventions	<p>The single council-wide <b>Business Plan</b> - populated with selected content from departmental Service Plans - is approved by CLB and its development included</p>

<p>necessary to optimise the achievement of the intended outcomes</p>	<p>cross-party scrutiny engagement. It articulates key interventions and actions required to deliver Corporate Strategy priorities within the coming business year. This system creates a clear, auditable link from high-level strategic priorities through to tactical and operational delivery, down to individual staff objectives.</p> <p>A council-wide systematic <b>Service and Business Planning process</b> has been undertaken, with sign-off of departmental level plans by Directors and Cabinet Members; and Divisional Summaries approved by Executive Directors and Cabinet Members. The Policy and Strategy Team confirm a good level of compliance with this requirement</p> <p>Delivery of priorities is supported by an <b>outcomes-focused performance framework</b>, using a mixture of quantitative and qualitative measures and methodologies to provide a rounded view of delivery against intended objectives. There is full visibility of this across officer management, member scrutiny and political leaderships forums, enabling Public Forum and both formal and informal scrutiny. Quarter 4 performance reports suggest that 45% of business plan targets are performing on or above target.</p> <p><b>Focus of future improvement:</b> A new performance management framework has been developed for 2022/23 which focuses on reporting on the Business plan themes with Directors leading performance review and monitoring. It is also planned to introduce a performance hub and scorecard to retain focus on performance and necessary interventions to meet targets.</p>
<p>E. Developing capacity including the capability of its leadership and the individuals within it</p>	<p>A new <b>Workforce Strategy</b> was in place for the start of 2021/22. Actions included prioritise 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. <b>Diverse Voices</b> is a positive action scheme to bring diverse perspective to senior decision-making whilst offering experience of working at a more senior level. It is currently being rolled out for new team leaders.</p> <p>A comprehensive <b>leadership development programme</b> is in place to offer training and coaching at all levels include new and aspiring team management. <b>A talent development programme</b> was introduced, which includes support for managers in identifying talent and succession planning, and guidance for colleagues on career development – including the introduction of ‘Grow your Career’ hub on the Source, with advice on identifying skills, career development plans, application and interview skills</p> <p>A <b>management capacity review</b> including a <b>succession planning policy</b> was introduced. At the same time as reducing costs, this aims to secure future managers for the council and provide leadership resilience going forward.</p> <p>Organisational health and wellbeing is one of the major priorities of the workforce strategy. The Councils <b>Health and Safety arrangements</b> have been refreshed to ensure we keep our staff and the people of Bristol safe whilst delivering services.</p> <p>A <b>Strategic Partnering business model</b> has been introduced to several areas to support delivery. These include capital programme delivery and audit services. Other services are also exploring the benefits of this approach.</p>

	<p>Significant progress has been made in aligning <b>learning and development activities</b> to annual service planning. The introduction of a <b>new e-learning platform</b> and improved functionality of HR reporting system has enabled better quality management information about compliance with mandatory and statutory training. Assurances from managers confirm a reasonable level of compliance with the requirement to identify learning and development.</p> <p>Delivery of a comprehensive <b>Member Development Programme</b> which included more tailored development modules for planning, licensing, audit and HR functions.</p>
F. Managing risk and performance through robust internal control and strong public financial management	<p>A refresh of the <b>Performance Framework</b> takes place annually as part of the business planning process - this involves extensive internal consultation around the setting of measures and actions. Scrutiny and lead Cabinet Members are engaged throughout and are ultimately signed off by Corporate Leadership Board (CLB) and Cabinet. In 2021/22, progress against actions and measures has been monitored and reported quarterly through Executive Director Meetings, CLB, relevant Scrutiny Commissions, Overview and Scrutiny Management Board, and Cabinet. The council's quarterly performance reports are public documents that are open to public questioning through the scrutiny/Cabinet process, and they also appear on the performance pages of the Council's website.</p> <p>An annual review takes place at the end of each financial year that details progress against our commitments and actions, as well as against wider city metrics to which the Council contributes but is not solely accountable for.</p> <p>All service, directorate and corporate risks are reviewed regularly in line with the <b>risk management policy</b>. A <b>new risk management system</b> (Pentana Risk) was implemented during the year to support and improve the monitoring of progress being made in relation to timely delivery of key mitigating actions. Internal Audit review of risk management concluded that many actions have been completed to improve risk management arrangements but these now need time to embed to be effective. The review concluded limited assurance during 2021/22.</p> <p>A self-assessment against <b>CIPFA Financial Management (FM) Code</b> has been completed and shows good levels of compliance against many of the code's standards. There is work to do to enhance compliance with some of the standards required by the code. (See Appendix A of this statement). Development and approval of the <b>Corporate Debt Management Policy</b> to provide consistency in ethical debt management across the council.</p> <p>Governance over <b>capital project</b> delivery was improved and delivery is supported by a Strategic Partner. An internal audit review confirmed that many improvement actions planned least year have been implemented. At year end, the Capital budget showed an underspend of £36m on the budget that was revised following a significant finance led over half of the budget.</p> <p>A number of policies have been refreshed or created to enhance <b>Information security approaches</b>. A compliance tool has been introduced to manage compliance and improve training. Work is ongoing to implement an Information Security Management Standard. Actions are being taken to strengthen Information Asset ownership following a recent internal audit review. The Council's Common Activities programme will bring together expertise into a centralised disclosures team to ensure a robust approach across the Council to the effective management of data.</p>



	<p><b>Focuses of future improvements:</b> There are a number of improvement programmes in progress within the Council which continue 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:</p> <ul style="list-style-type: none"> <li>• Procurement and Contract Management</li> <li>• Risk Management</li> <li>• Capital Project delivery</li> <li>• Education Transformation - Including High Needs (SEND and Deficit)</li> <li>• ICT</li> <li>• Information Governance</li> <li>• Performance Management</li> </ul>
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability	<p>The Council has a <b>decision pathway</b> that is used to manage the production of reports for public meetings. Reports will be published in accordance with the statutory timelines and will be available for members of the public unless the reports contain exempt information, as defined in law and set out in the Council's Constitution. <b>Forward plans</b> are published on a monthly basis for Mayoral and Cabinet decisions. Reports are prepared and EDMs have oversight of reports and Cabinet members will be briefed on reports in their portfolios. Reports are published for Cabinet within 5 working days of the date of the Cabinet meeting. <b>Officer Executive decisions</b> are overseen by EDMs and Executive Support Managers have procedures in place to ensure the publication of OEDs. Emergency Officer decisions are sometimes required and will be reported to the next meeting of Cabinet.</p> <p>Corrective action arising from the <b>Value for Money</b> reports by the External Auditors has been acted upon and appropriate action is being taken to implement recommendations. The Council has implemented the recommendations from external auditors relating to the governance of the <b>Council's companies</b>. This has included improved processes to consider professional advice, options appraisals and greater transparency around reserved matters decision making.</p> <p>The new <b>Audit Committee</b> has received relevant training to support them in discharging its responsibilities effectively. The Committee has received regular assurances and updates on implementation of actions identified as a result of both internal and external audit reviews.</p>

## 5. Impact of COVID-19 on our Governance Arrangements

- 5.1 2021/22 was a year of continued uncertainty resulting from the pandemic. Whilst many of the lockdowns were lifted and focus shifted to returning to the new normal ways of working, demand for services, finances and performance have been impacted by the continuing situation.
- 5.2 In many ways, working practices stabilised with a blend of home and office-based working. Committee meetings in person have been resumed and gradually staff are returning to the office where that is the best place to deliver objectives. Staff sickness levels inevitably showed an increase and we are also seeing turnover of staff increase, exceeding healthy levels of turnover. This is in part due to the labour market returning to pre-pandemic levels with higher levels of vacancies in the wider economy.
- 5.3 The Council continued working with its partners to address the challenges brought by the Covid-19 pandemic as well as considering the needs of recovery and renewal. During the year, Internal Audit provided **reasonable assurance** on the adequacy and effectiveness of the Council's Covid19

recovery arrangements. It was concluded that governance of Covid recovery activities was sound with sufficient opportunity for both Members and officers to codesign solutions through engagement at different internal and external boards and platforms which is a good example of working together across the organisation and in the City. All recommendations arising from this work have been fully implemented.

- 5.4 Throughout the year the financial impact on the Council caused by Covid-19 resulted in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income. During the year debt collection activities continued to be scaled back and debt levels have increased as a result. £56.6m pressures that have arisen as a result of Covid have been covered by grants received from central government (both received in 22/23 and carried forward from 21/22) and budgets that were put aside to cover these pressures.

## 5 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 2022 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 and declarations of interest, gift and hospitality. Compliance with financial and HR schemes of delegation and recording delegated decisions was also good. Whilst the review did not identify any significant governance failings, compliance in some operational areas remain in need of improvement:

- **Learning and Development.**
- **Compliance with Procurement Regulations**
- **Risk Management**
- **Business Continuity**
- **Demonstrating Value for Money.**

- 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. The returns have identified good arrangements in many key areas across the group although business planning has been an area for improvement following findings of an independent board effectiveness review and the aim is to deliver longer term business plans for those companies that will remain within the Group of companies. The Council has made the decision to dispose of Bristol Heat Network during 2022/23.

- 6.5 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. Governance frameworks for the group of companies, including audit and risk assurance frameworks are currently being reviewed to reflect future group company structures.

## Second Line Assurances – Oversight and Monitoring Functions Assurance

- 6.6 Assurances are sought from statutory officers and other 'oversight' functions in completing the review.
- 6.7 The Council's **Monitoring Officer** has legal responsibility to look into matters of potential unlawfulness. He has advised that there has been a **public report issued by the Local Government and Social Care Ombudsman in June 2021** concerning the Council's governance and response to two separate complaints that were poorly dealt with. Governance issues around clarity of responsibility for dealing with escalated complaints and poor communication of requirements within the Council lead to the issue of a public report by the Ombudsman.
- 6.8 The Monitoring Officer has confirmed that decisions have been made in accordance with the relevant policy framework.
- 6.9 The Monitoring Officer advises that all councillors have signed the Members Code of Conduct. Training on the Code of Conduct was included as part of the Member Induction Programme following the May 2021 elections. Declarations of interest were completed by all councillors following the May 2021 elections and regular reminders are provided to councillors to keep their declarations of interest up to date. There have been no formal reports/investigations in 2021/22. However, there are procedures in place to manage complaints relating to breaches of the Member Code of Conduct.
- 6.10 The Council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made or considered during 2021/22 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 2021/22. 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. The CFO's continued focus will be on:
- right sizing and resourcing the council's finance function to provide capacity and resilience in supporting the complex financial solutions required to achieve best value for money at the council.
  - ensuring the Council puts in place an appropriate framework to enable accountability for the pension fund to be held by the CFO.
- 6.11 CIPFA, the Chartered Institute of Public Finance and Accountancy, 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 was effective from 2020/21 however, in recognition of the pressures facing local authorities, 2021/22 was the first full compliance year for the Code.
- 6.12 A self-assessment of compliance with the code has been undertaken and is appended to this statement. Overall, the Council self-assessment shows a reasonable level of compliance with the

underlying principles of the FM Code and demonstrates financial sustainability. However we recognise that more could be done to improve compliance with some of the standards and an action plan is in place to address these.

- 6.13 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. Internal processes are in place to identify risk within the Information Governance Service. We have recently documented our approach to IG risks - Information Security Risk Management Framework - which was approved through the Information Governance Board. We continue to document risks at both the corporate and operational level and this is in line with the Council's Corporate Risk Management Framework. Cyber security continues to be a high-risk area for the Council and the landscape is ever evolving with new threats and risks emerging regularly. There is an escalation process in place which is documented as part of the Risk Management Framework and risks will be escalated to the SIRO as appropriate. There are no significant exceptions or breaches that have been identified.
- 6.14 The **Director of Workforce and Change** confirms that an effective management structure is in place with effective appraisals taking place. 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. A Management and Capacity Review aims to reduce workforce costs and prioritise capacity to the Council's Corporate Strategy goals. It started in December 2021 and has a number of workstreams: a succession planning policy, a review of budgeted vacancies and changes to the senior leadership structure
- 6.15 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 2021/22 highlight that 45% (53% for 2020/21) of key business plan performance measures have been met or exceeded target at the end of the year. Full outturn details and explanations of performance are provided to Corporate Leadership Board, Scrutiny and Cabinet. The Performance Framework is focussed on delivering outcomes linked to BCC Business Plan / Corporate Strategy, not just on internal Council performance. Results for 2021-22 were below those in 2020-21 (though similar to previous years) due to a mix of reasons including the removal of Government Covid-recovery support causing pressures, limited internal capacity and a reduction in overall public satisfaction impacting on several outcome measures
- 6.16 The **Council's Audit Committee** holds responsibility for oversight of the Council's governance arrangements and reports annually to Full Council on the results of their work. The Committee received regular reports from both external and internal audit ensuring that appropriate actions were taken to address significant issues relating to the effectiveness of the Council's governance, risk management and internal control.

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

- 6.17 The Council's **External Auditors** independently audit the Council to provide an opinion on the truth and fairness of the financial statements. Their audit of 2020/21 accounts was considered by Audit Committee in March 2022 which identified that it was their intention to issue an unqualified opinion on the accounts. The final audit report is awaited.
- 6.18 In addition the external auditors are required to consider the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Their value for money report covering 2020/21 (report currently in draft) comments on arrangements in place for financial sustainability, effective governance and how the council improves economy, efficiency and effectiveness. The report states that no significant weaknesses in the Council's arrangements for Value for money in 2020/21 were identified however improvement recommendations were made in several areas.



Actions to address the matters raised have been identified and will be monitored by the Audit Committee.

- 6.19 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 2021/22 was that reasonable assurance can be provided that in 2021/22 that the systems of internal control, governance and risk management designed to meet the Council's objectives were adequate and operating effectively. In forming this view, the Chief Internal Auditor reflected on the decrease in the number of limited assurance opinions, significant improvement in the implementation, monitoring and reporting of agreed management actions. Additionally, the increased oversight by the Corporate Leadership Board in improving the governance and internal control arrangements in areas that were identified as requiring improvement in the previous year.
- 6.20 Children and Families Service LGA Peer Challenge.** The focus of the peer challenge was children in need of help and protection, children subject to child protection plans and the work of the First Assessment Service (front door). The overarching message from the challenge was "The practice culture is strong, focused upon helping families make effective changes and your staff speak with passion about Bristol's children and families. We have seen some weaknesses in the application of child protection thresholds and adherence to core case work processes. A rebalancing which retains all of your strengths complemented by being brilliant at the basics will leave you in a very strong place". Recommendations from the review are being incorporated into the improvement plan for the service.
- 6.21 **Ofsted Inspections of council-owned children's homes.** Ofsted visits took place across four Bristol Children's homes during the year. Three Full Ofsted reported 'good' judgements while the other reported an 'improved effectiveness' rating following an interim inspection. One children's home has remained temporarily closed since the Ofsted compliance notice in December 2020 was successfully completed in January 2021.
- 6.22 An **Ofsted Focus Visit of Children's Social Care Front Door** reported mainly positive arrangements and improvements. Inspectors looked at the local authority's arrangements for 'front door' services, including decision-making for referrals about children, child protection enquiries, decisions to step up or down from early help, and emergency action out of office hour. Two areas for improvement were identified concerning i) the consistency with which the reasons for contacting particular agencies to gather information about children and families are recorded and ii) how clearly and consistently the rationale for dispensing with parental consent is recorded when this has been necessary before undertaking checks with partner agencies.
- 6.23 **Care Quality Commission (CQC) Inspections of Adult Care Providers.** There has been an increase in services rated as good over the first 6 months of the year and a reduction of services rated as requires improvement - there are 7 services in Bristol rated by CQC as Requires Improvement, one of which is due to close in February 2022. There have been no inadequate services in the Bristol area and have been no inadequate rating for the last 3 years.
- 6.24 **Preventing and Reducing Youth Homelessness in Bristol.** MHCLG (now DLUHC) did a focussed visit on 16 June 2021 to consider the effectiveness of the Council's approach to preventing and reducing youth homelessness in Bristol. The advisors recommended 3 key priorities to strengthen our approach: Improve our homelessness systems knowledge, practice, recording and data locally, and Hcllc submissions, review our processes and practice to ensure compliance with the DfE/MHCLG joint guidance and ensure there is joint commitment across Housing and Children Services not to use unsuitable accommodation for 16/17-year-olds. An Action Plan has been developed jointly between Housing & Landlord Services and Children, Families & Safer Communities. This is monitored through the KBSP Preventing Homelessness and Accommodation (PHA) Meeting.

6.25 A **Homes England Compliance Audit** report gave a 'green' rating confirming that the Council has complied with the requirements. No improvement actions were identified.

## 7. Significant Governance Issues 2021/22

7.1 In concluding the review of effectiveness, three 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	<b>Dedicated Schools Grant (DSG)</b>	
	The in-year forecast deficit on the DSG is significant at £14.6m, which when added to the brought forward balance of £10.0m means that the DSG is carrying forward a total deficit at the end of the year of £24.6m. The main financial challenge continues to be the High Needs block, which has an in-year overspend of £15.3m (Carry forward deficit of £27.9m) resulting from increases in EHCP assessments and need; this is offset by an underspend of £0.9m in the Schools' block and £0.1m overspend on the other blocks.	<p>A separate, more detailed High Needs Block Recovery Plan is in development, which details the key mitigations required to achieve a sustainable position.</p> <p>The actions will sit alongside the DSG Deficit Management Plan and will be agreed with Bristol Schools Forum.</p> <p>Equalities Impact Assessments (EQiAs) are being completed and public consultations will commence where required.</p> <p>Bristol has accepted the DfE's offer to engage in the 'Delivering Better Value in SEND' Programme'. Diagnostic analysis will inform further actions and access to funding from the DfE to support an 18-month programme aimed at bringing spend in line with budget.</p>

### 2. Procurement Breaches

The number of breaches of the Council's procurement rules during 2021/22 significantly increased from 2021/21. The 20/21 VFM report by the Council's external auditors has recommended urgent action be taken

Whilst full compliance can never be guaranteed and 'under-reporting' of breaches, in particular, is an inherent possibility, an effective and transparent breaches governance process is in place to detect instances of non-compliance.



to address the high level of breaches.  
When the procurement rules are breached, there is an increased risk that the Council enters into a contract which is not Best Value and/or is not the best way of achieving organisational objectives. Breaches also reduce transparency and fairness of decision making, which can increase the risk of fraud, conflicts of interest and reputational damage.

Procurement compliance training will be more widely rolled out via e-learning and actual compliance activity reported quarterly to Audit Committee via Internal Audit.

### 3 Savings

The Council continues to face challenges in delivering required savings.

Out of the £11.7m of savings planned for delivery within the 2021/22 budget only 46% was achieved on a recurrent basis. If these savings continue to be unachievable in the future the Council will need to identify other ways of delivering these savings which could result in significant impact on service delivery.

The Council has experienced a period of sustained increase in demand resulting from current global market factors (such as supply chain and fuel shortages) and for some of the services provided for the most vulnerable members of the community (as a result of Covid and subsequent economic impact), particularly within adult and children's social care.

Following the announcement of government grant allocations and estimates of the Council's funding, a significant challenge remained in the Council budgets.

The Council identified six key areas for service reviews:

- Property and capital
- Be more business-like and secure more external resource
- Improving efficiencies
- Digital transformation
- Reducing the need for direct services
- Redesigning, reducing, or stopping services.

Savings, efficiencies and income generation opportunities in the region of £34.3 million, subject to final due diligence, optimism bias, engagement, impact assessment and consultation has been identified over the medium term.

The development of detailed plans and activity is being closely monitored by EDM, CLB and Delivery Executive and details will be included in the quarterly Finance reports to Cabinet.

In addition work has commenced early in 2022/23 to refresh the MTFP model assumptions and identify any new emerging pressures which may need to be addressed for 2023/24.

- 7.2 The progress relating to the significant governance issues identified in 2020/21 was presented to the Audit Committee in March 2022 through The Annual Governance Statement 2020/21 - Progress Update Report.

## Core Statements

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

2020/21				2021/22		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
417,307	(212,528)	204,779	People	454,856	(210,728)	244,127
239,408	(164,456)	74,952	Resources	237,601	(148,532)	89,069
260,538	(71,263)	189,275	Growth & Regeneration	241,495	(92,907)	148,588
104,341	(123,136)	(18,795)	Housing Revenue Account	115,959	(123,026)	(7,066)
212,076	(201,110)	10,966	Dedicated Schools Grant	228,498	(204,964)	23,534
9,860	(903)	8,957	Corporate Funding & Expenditure	6,692	(889)	5,803
<b>1,243,530</b>	<b>(773,396)</b>	<b>470,134</b>	<b>Cost of services</b>	<b>1,285,100</b>	<b>(781,046)</b>	<b>504,054</b>
		7,937	Other operating expenditure (Note 9)			11,786
		7,313	Financing and investment income and expenditure (Note 10)			(45,078)
	(473,173)		Taxation and non-specific grant income (Note 11)			(454,781)
	<b>12,211</b>		<b>(Surplus)Deficit on provision of services</b>			<b>15,980</b>
			<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services</b>			
		(150,901)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 20)			(243,430)
		112,346	Remeasurement of the net defined benefit liability/asset (Note 34)			(164,056)
			<b>Items that may be reclassified to the (Surplus) or Deficit on the Provision on Services</b>			
			(Surplus)/ deficit on financial assets measured at fair value (Notes 24)			
	(38,555)		Other comprehensive income and expenditure			(407,486)
	<b>(26,344)</b>		<b>Total comprehensive income and expenditure</b>			<b>(391,506)</b>

## Movement in Reserves Statement for the year ended 31 March 2022

	Note	General Fund Balance	Earmarked Reserves	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Sub Total - Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2020		17,001	97,390	7,302	121,693	87,526	-	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	-	(651)	651	-	-	-	-	-	-	-
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
Movement in Reserves during 2021/22														
Surplus or (deficit) on the provision of services		(13,403)			(13,403)	(2,577)		(2,577)				(15,980)		(15,980)
Other Comprehensive Expenditure and Income					-			-				-	407,486	407,486
Total Comprehensive Expenditure and Income		(13,403)	-	-	(13,403)	(2,577)	-	(2,577)	-	-	-	(15,980)	407,486	391,506
Adjustments between accounting basis and funding basis under regulations	Note 18	(31,385)			(31,385)	6,367		6,367	1,283	1,606	475	(21,654)	21,654	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(44,788)	-	-	(44,788)	3,789	-	3,789	1,283	1,606	475	(37,634)	429,140	391,506
Transfers to/(from) Earmarked Reserves	Note 19	49,196	(47,272)	(1,924)	-	(4)	4	-				-	-	-
Increase/(Decrease) in 2021/22		4,408	(47,272)	(1,924)	(44,788)	3,785	4	3,789	1,283	1,606	475	(37,634)	429,140	391,506
Balance at 31 March 2022 Carried Forward		40,074	173,435	5,604	219,113	101,576	655	102,231	79,775	12,902	3,555	417,575	1,669,030	2,086,605

## Balance Sheet as at 31 March 2022

31-Mar-21		Note	31-Mar-22
£'000			£'000
2,825,667	Property, Plant & Equipment	20	3,053,348
207,406	Heritage Assets	21	215,256
20,573	Intangible Assets	23	14,991
275,903	Investment Property	22	356,640
43,570	Long Term Investments	24	44,287
49,098	Long Term Debtors	29	60,807
<b>3,422,217</b>	<b>Long Term Assets</b>		<b>3,745,329</b>
64,983	Short Term Investments	24	103,948
12,416	Inventories	30	26,978
144,928	Short Term Debtors	29	160,856
142,274	Cash and Cash Equivalents	31	133,444
806	Assets held for sale		806
<b>365,407</b>	<b>Current assets</b>		<b>426,032</b>
(20,702)	Cash and Cash Equivalents	31	(19,709)
(4,966)	Short Term Borrowing	24	(9,952)
(215,373)	Short Term Creditors	32	(297,725)
(5,760)	Provisions	33	(2,849)
(44,447)	Capital grants received in advance	17	(71,814)
<b>(291,248)</b>	<b>Current liabilities</b>		<b>(402,049)</b>
(450,488)	Long Term Borrowing	24	(445,488)
(26,277)	Provisions	33	(26,005)
(1,291,181)	Other Long Term Liabilities	32	(1,179,908)
(33,331)	Capital Grants Receipts in Advance	17	(31,306)
<b>(1,801,277)</b>	<b>Long-term liabilities</b>		<b>(1,682,707)</b>
<b>1,695,099</b>	<b>Net assets</b>		<b>2,086,605</b>
(455,209)	Usable Reserves	19	(417,575)
(1,239,890)	Unusable Reserves	34	(1,669,030)
<b>(1,695,099)</b>	<b>Total reserves</b>		<b>(2,086,605)</b>

## Cash Flow Statement for the year ended 31 March 2022

2020/21			2021/22
£'000		Note	£'000
(12,211)	Net deficit on the provision of services		(15,980)
152,268	Adjustment to net surplus on the provision of services for non-cash movements	36	166,603
(83,538)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	36	(73,289)
56,519	Net cash flows from Operating Activities		77,334
20,726	Investing Activities	37	(78,083)
(25,099)	Financing Activities	38	(7,088)
52,146	Net increase (decrease) in Cash and Cash Equivalents		(7,837)
69,426	Cash and Cash Equivalents at the beginning of the reporting period	31	121,572
<b>121,572</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>113,735</b>

## Notes to the Accounts

### 1 Accounting Policies

#### (i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS).

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

#### (ii) Recognition of Income and Expenditure

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

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

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

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

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

#### (iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less



from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **(viii) Employee Benefits**

##### **Benefits Payable During Employment**

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

##### **Termination Benefits**

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

##### **Post-Employment Benefits**

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

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

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

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

## **The Local Government Pension Scheme**

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

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

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

- Quoted securities - current bid price.
- Unquoted securities - professional estimate.
- Unitised securities - current bid price.
- Property - market value.

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and

credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits earned by employees.

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

There is a temporary imbalance between the Net Pensions Liability and the Pensions Reserve, which is due to the Council opting to pay three years past service costs upfront during 2021/22 (see above). It immediately reduced the net pensions liability, but the payment will be released to the Pensions Reserve over the respective three financial years, in accordance with proper accounting practice.

### **Discretionary Benefits**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **(xi) Financial Instruments**

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

#### **Financial Liabilities**

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

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

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

#### **Financial Assets**

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

There are three main classes of financial assets measured at:

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

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

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

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

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

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

### **Expected Credit Loss Model**

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

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

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair



value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

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

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

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

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

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

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

## **(xiii) Heritage Assets**

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

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

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

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

to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Council has no material Joint Ventures.

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

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

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

#### **(xvi) Inventories (Stock)**

Inventories are measured at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange basis in which case their cost is deemed to be fair value at the date of acquisition. Inventories are also measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In this context inventories do not include work in progress under construction contracts and financial instruments.

#### **(xvii) Investment Property**

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

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

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

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

#### **(xviii) Leases**

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

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

## **The Council as Lessee**

### **Finance Leases**

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

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

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

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

### **Operating Leases**

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

## **The Council as Lessor**

### **Finance Leases**

To date the Council has not granted any Finance Leases.

### **Operating Leases**

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

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

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

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

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

#### **(xxi) Prior Period Adjustments**

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

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

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

#### **(xxii) Service Concessions**

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

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

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

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

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

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

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

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs.

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

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

- 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.

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

### **Provisions**

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

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

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

### **Contingent Liabilities**

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

## **Contingent Assets**

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

## **(xxv) Reserves**

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

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

## **(xxvi) Revenue Expenditure Funded from Capital under Statute**

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

## **(xxvii) Schools**

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

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

- 46 Community (12 Nurseries, 29 Primaries, 4 Special and 1 Alternative Provision Site).
- 3 Foundation (2 Primaries and 1 Special).

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

## **(xxviii) Value Added Tax**

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

**(xxix) Rounding Convention**

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

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

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2021/22 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

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

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- The Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:
  - 1) IFRS 1 (First-time adoption) – amendment to foreign operations of acquired subsidiaries transitioning to IFRS.
  - 2) IAS 37 (Onerous contracts) – clarifies the intention of the standard.
  - 3) IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
  - 4) IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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. 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.

Debt Impairment at 31 March 2022, the Council had a balance of short-term debtors of £160.9m. A review of significant balances suggested that an expected credit loss of £81.6m was appropriate. However, in the current climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Business Rates following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2021/22 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The estimated provision has been calculated using the latest Valuation Office Agency (VOA)



ratings list of ratings appeals and the analysis of successful appeals to date. The Council's share of the balance of business rate appeals provisions at 31 March 2022 was £25.2m.

## 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if actual results differ from assumptions
Property, Plant and Equipment (excluding Council dwellings) Carrying value £1.08bn	<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 continues to affect economies and real estate markets globally. Nevertheless, as at the Valuation Date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough 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 £108m change in cost value charged against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement.</p> <p>A corresponding increase in estimated valuations would result in a combination of increases to the Revaluation Reserve and / or reversals of previous negative revaluations charged to the Comprehensive Income and Expenditure Statement.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied.</p>	<p>Variations in the key assumptions will have the following impact on the net pension liability of £1bn</p> <ul style="list-style-type: none"> <li>a 0.1% increase in the discount rate will reduce the net pension liability by £81m.</li> <li>a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £86m.</li> </ul>

		<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 £27m.</li> <li>• an increase of one year in longevity will increase the net pension liability by £29m.</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>The outbreak of COVID-19 continues to affect economies and real estate markets globally. Nevertheless, as at the Valuation Date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough 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. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the Valuation Date.</p>	<p>If the value of the Council's investment property, surplus property and non-current assets held for sale, (total carrying value £387m) was to reduce by 10%, this would result in a £38m reduction and a corresponding reduction to Unusable Reserves in the Balance Sheet.</p>

## 5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 26<sup>th</sup> July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 26<sup>th</sup> July 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## 6 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<sup>st</sup> March 2022 excludes the loss for rate reliefs introduced by the government in 2021/22 to support business sectors during the pandemic. This loss will be charged to the General Fund in 2022/23 as part of the deficit on the Collection Fund being recouped in future years. However, the Council received £29.7m of government grant in 2021/22 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 2021/22 has been transferred to a revenue reserve to be used in 2022/23 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 Council's assessed pressure from lost income, undeliverable Covid-19 related savings and from additional service expenditure associated to Covid-19 equates to £56.6m for 2021/22 (this compares to £74.7m in 2020/21). This additional expenditure is fully met by the range of Covid-19 grants received during the year, totalling £35.7m and the utilisation of amounts carried forward from 2020/21.

## **7 Expenditure and Funding Analysis for the year ended 31 March 2022**

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	242,726	(19,578)	223,148	13,331	7,648		20,979	244,127
Resources	69,827	(10)	69,817	11,215	8,037		19,252	89,068
Growth & Regeneration	67,573	9,186	76,759	62,658	9,171		71,829	148,588
Housing Revenue Account	(3,785)	(9,655)	(13,440)	1,710	4,664		6,374	(7,066)
Dedicated Schools Grant	14,647	1,109	15,756	-	7,778		7,778	23,534
Corporate Funding & Expenditure	32,395	(18,063)	14,332	16,348	(5,153)	(19,724)	(8,529)	5,803
	423,383	(37,012)	386,371	105,262	32,145	(19,724)	117,683	504,054
Other income and expenditure (Notes 9,10,11)			(345,373)	(127,123)	23,171	(38,749)	(142,701)	(488,074)
(Surplus) Deficit on the Provision of Services			40,998				(25,019)	15,980
Opening General Fund and HRA Balance			(362,342)					
Less Deficit on General Fund and HRA Balance in Year			40,998					
Closing General Fund and HRA Balance at 31 March 2022*			(321,344)					

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

	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 & Regeneration	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			(153,123)				165,332	12,211
Opening General Fund and HRA Balance			(209,219)					
Less Deficit on General Fund and HRA Balance in Year			(153,123)					
Closing General Fund and HRA Balance at 31 March 2021*			362,342					

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

## **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

	2021/22 £'000	2020/21 £'000
<b>Expenditure &amp; Income Analysed By Nature</b>		
<b>Expenditure</b>		
Employee Benefits Expense	408,619	387,678
Depreciation, Amortisation & Impairment	116,188	122,876
Other Service Expenditure	746,426	770,318
<b>Total Expenditure</b>	<b>1,271,233</b>	<b>1,280,872</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(348,346)	(314,343)
Interest & Investment Income	(5,957)	(10,938)
Income from Council tax & Non-domestic Rates	(334,584)	(360,299)
Government Grants, Other Grants and Contributions	(566,365)	(583,081)
<b>Total Income</b>	<b>(1,255,253)</b>	<b>(1,268,661)</b>
<b>Surplus or deficit on the Provision of Services</b>	<b>15,980</b>	<b>12,211</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.

	2021/22 £'000	2020/21 £'000
Contributions from Other Organisations	18,412	17,805
Health Authorities	52,063	35,951
Other Local Authorities	9,566	6,252
Social Care Charges	28,318	26,685
Sales of Services	6,540	4,195
Car Parking	9,916	4,681
Housing Revenue Account Income	122,363	122,440
Commercial Rents	15,533	16,111
Licencing	7,287	6,723

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.

	2021/22 £'000	2020/21 £'000
Client Contributions	27,453	25,795
Deferred Payments	522	635
<b>Total</b>	<b>27,975</b>	<b>26,430</b>

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

	2021/22 £'000	2020/21 £'000
Adult care and health residential	1,790	1,662
Adult care and health	446	383
Total	<b>2,236</b>	<b>2,045</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

	2021/22 £'000	2020/21 £'000
Precepts and levies	10,820	10,953
Payments to the Government housing capital receipts pool	2,112	2,115
Losses/(gains) on the disposal of non-current assets	(1,146)	(5,132)
Total	<b>11,786</b>	<b>7,936</b>

## 10 Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	33,695	34,241
Loss Allowance (Financial Guarantee Contracts)	-	(5,379)
Changes in the Fair Values of Financial Instruments	(148)	(1,669)
Pensions net interest cost	23,171	22,523
Interest receivable and similar income	(7,251)	(9,268)
Income and expenditure in relation to Investment Properties	(11,696)	(10,569)
Changes in fair value of Investment Properties	(82,849)	(22,566)
Total	<b>(45,078)</b>	<b>7,313</b>

## 11 Taxation and Non-Specific Grant Income

	2021/22 £'000	2020/21 £'000
Council tax income	(230,662)	(224,419)
Non-domestic rates	(120,581)	(55,493)
Non-service-related government grants	(59,107)	(151,656)
Capital grants and contributions	(44,432)	(41,605)
Total	<b>(454,781)</b>	<b>(473,173)</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 £83.501m in 2021/22 and administered by whichever body undertook the contracting arrangements.

**Fund 1** is administered by BNSSG and totals £17.522m. 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 £0.631m. 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 £45.305m. 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>						
Bristol CCG	17,522	631	-	16,716	-	34,869
Bristol City Council	-	-	3,528	28,589	16,515	48,632
<b>Total funding into Pooled Budget</b>	<b>17,522</b>	<b>631</b>	<b>3,528</b>	<b>45,305</b>	<b>16,515</b>	<b>83,501</b>
<b>Expenditure met from Pooled Budget</b>						
Bristol CCG	17,522	631	-	16,716	-	34,869
Bristol City Council	-	-	3,528	28,589	16,515	48,632
<b>Total expenditure from Pooled Budget</b>	<b>17,522</b>	<b>631</b>	<b>3,528</b>	<b>45,305</b>	<b>16,515</b>	<b>83,501</b>
<b>Net surplus/(deficit) on the pooled budget during the year</b>	-	-	-	-	-	-
<b>Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget</b>	-	-	-	-	-	-

### 13 Members' Allowances

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

	2021/22	2020/21
	£'000	£'000
Allowances	1,404	1,395

In addition to the above, the elected Mayor is paid an annual allowance amounting to £83,082 (2020/21: £80,871).

## 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:

2021/22				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
Chief Executive & Head of Paid Service	Apr '21 - Mar '22	M Jackson		174,073	-	-	174,073
Executive Director - People	Apr '21 - Mar '22	H Evans		140,793	-	29,566	170,359
Executive Directors - Growth and Regeneration	Apr '21 - Mar '22	S Peacock		172,413	-	12,046	184,458
Director Homes and Landlord Services (Interim)*	Apr '21 - Mar '22	D Graham		280,634	-	-	280,634
Director Management of Place	Apr '21 - Mar '22	P Mellor		125,931	-	26,281	152,212
Statutory Officers- Chief Financial (S151)	Apr '21 - Mar '22	D Murray		125,150	-	26,281	151,431
Director Workforce and Change	Apr '21 - Mar '22	J Walsh		125,150	-	26,281	151,431
Statutory Officers- Director Education and Skills	Apr '21 - Mar '22			109,506	-	22,996	132,502
Statutory Officers- Director Adult Social Care	Apr '21 - Mar '22			98,034	-	20,587	118,621
Statutory Officers – Director of Public Health	Apr '21 - Mar '22			93,862	-	19,711	113,573
Statutory Officers- Director Children and Family Services	Apr '21 - Jan '22		1	93,102	-	18,730	111,832
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '21 - Mar '22			88,648	-	18,616	107,264
Statutory Officers- Director Children and Family Services (Interim)*	Jan '22 - Mar '22	S Parker		54,938	-	-	54,938

1 Post holder left on 30th January 2022.

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

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

The Council also secured services from various individuals on an interim basis during 2020/21 and 2021/22. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2021/22 were as follows:

- P Barry who held the position of **Property Service Manager** from August 2021 to March 2022 at a cost to the Council in 2021/22 of **£142,316**.
- A Layton who held the position of **Head of Financial Planning** from November 2021 to March 2022 at a cost to the Council in 2021/22 of **£78,173**.
- F Rodriguez who held the position of **Corporate Landlord Project Manager** from July 2021 to March 2022 at a cost to the Council in 2021/22 of **£49,397**.
- N Beardmore who held the position of **Clean Air Zone Communication & Engagement Director** from April 2021 to September 2021 at a cost to the Council in 2021/22 of **£85,624** (2020/21 of **£218,005**)
- J Blackburn who held the position of **Director of Adults Transformation** from February 2022 to March 2022 at a cost to the Council in 2021/22 of **£30,932**.

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

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	2021/22		2020/21	
	Number of employees		Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	17	92	11	37
£55,000 - £59,999	13	24	13	42
£60,000 - £64,999	8	39	10	20
£65,000 - £69,999	18	31	10	32
£70,000 - £74,999	10	30	10	18
£75,000 - £79,999	3	26	3	27
£80,000 - £84,999	-	4	-	7
£85,000 - £89,999	-	5	-	4
£90,000 - £94,999	1	6	-	3
£95,000 - £99,999	-	3	-	4
£100,000 - £104,999	-	3	-	-
£105,000 - £109,999	-	1	-	1
£110,000 - £114,999	1	1	-	1
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	3	-	2
<b>Totals</b>	<b>71</b>	<b>268</b>	<b>57</b>	<b>198</b>

The variation in employee numbers between bands shown in the above table is largely down to a combination of progression from appointment rate to competence rate as well as nationally agreed pay awards that have inflated pay and moved the boundaries against these ranges.

## Exit Packages

The numbers of exit packages relating to Council employees during 2021/22, 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	
	2021/22 No.	2020/21 No.	2021/22 No.	2020/21 No.	2021/22 No.	2020/21 No.	2021/22 £'000	2020/21 £'000
£0 - £20,000	40	7	13	6	53	13	364	98
£20,001 - £40,000	4	-	3	2	7	2	197	61
£40,001 - £60,000	1	-	3	-	4	-	183	-
£60,001 - £80,000	1	-	1	-	2	-	136	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	1	-	1	-	120	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>46</b>	<b>7</b>	<b>21</b>	<b>8</b>	<b>67</b>	<b>15</b>	<b>1,000</b>	<b>159</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.

	2021/22 £'000	2020/21 £'000
Fees payable to the External Auditor regarding external audit services carried out by the appointed auditor for the year	168	265
Fees payable to the External Auditor for the certification of grant claims and returns for the year	36	42
Fees payable in respect of other services provided by the External Auditor during the year	35	43
<b>Total</b>	<b>239</b>	<b>350</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:

2020/21				2021/22			
£'000				£'000			
Central Expenditure	ISB	Total	Notes	Central Expenditure	ISB	Total	
		374,259	Final DSG before academy and high needs recoupment			403,690	
		200,955	Academy and high needs figure recouped for year			223,289	1
		<b>173,304</b>	<b>Total DSG after academy and high needs recoupment for year</b>			<b>180,401</b>	
		(2,892)	Plus: Brought forward from previous year			-	
		-	Less: Carry forward agreed in advance			-	
29,575	140,837	170,412	Agreed initial budgeted distribution in year	29,264	151,137	180,401	
-	(435)	(435)	In year adjustments	-	246	246	2
<b>29,575</b>	<b>140,402</b>	<b>169,977</b>	<b>Final budgeted distribution for year</b>	<b>29,264</b>	<b>151,383</b>	<b>180,647</b>	
29,575	-	29,575	Less: actual central expenditure	29,264	-	29,264	
-	150,406	150,406	Less: actual ISB deployed to schools	-	166,029	166,029	
-	-	-	Plus: LA contribution for year	-	-	-	
<b>-</b>	<b>(10,004)</b>	<b>(10,004)</b>	<b>In Year Carry forward</b>	<b>-</b>	<b>(14,646)</b>	<b>(14,646)</b>	
		-	Carry forward agreed in advance			-	
		-	Carried Forward			-	
		-	DSG unusable reserve at the end of the previous year			(10,004)	3
		(10,004)	Addition to DSG unusable reserve at the end of year			(14,646)	
		(10,004)	Total DSG unusable reserve at the end of the year			(24,650)	4
		<b>(10,004)</b>	<b>Net DSG position at the end of the year (Note 34)</b>			<b>(24,650)</b>	

1. 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 one that opened in year. The academy recoupment in 2021/22 comprised 87 academies open at the start of the year plus 2 that converted in year.
2. The in-year estimated adjustment for the final early years block funding 2021/22, following the January 2022 census data up-date, due in summer 2022.
3. This is the brought forward figure from 2020/21.
4. The total carry forward deficit is £24.650m for the year. Included in the carry forward are surpluses for de-delegated budgets of £0.504m, £0.472m in Early Years Block, £1.517m Schools Block and the High Needs Transformation Programme of £0.740m, with offsetting deficits of £27.876m in High Needs Block.

## 17 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

### Credited to Taxation and Non Specific Grant Income

	2021/22 £'000	2020/21 £'000
Capital grants and contributions (Note 11 & see below)	44,432	41,605
Non service related government grants (Note 11)	59,107	151,656
<b>Total</b>	<b>103,539</b>	<b>193,261</b>

### Capital grants and contributions

	2021/22 £'000	2020/21 £'000
<b>Government grants applied:</b>		
People	5,373	1,955
Growth & Regeneration	26,471	32,805
Resources	1,828	50
Housing Revenue Account	477	481
Developer Contributions	10,282	5,918
<b>Total Government Grants &amp; Contributions applied</b>	<b>44,432</b>	<b>41,209</b>
Government grants unapplied	-	396
<b>Total grants credited to the CIES</b>	<b>44,432</b>	<b>41,605</b>

## Grants Credited to Services

	31-Mar 2022 £'000	31-Mar 2021 £'000
<b>People</b>		
Adult Education	1,681	1,582
Better Care Fund	-	14,736
COVID-19 - Emergency Response Grants (Adult Social Care)	10,988	9,358
Dedicated Schools Grant	180,647	172,870
Education Services Grant	10	988
Education and Skills Funding Agency Grants	8,217	12,840
Covid 19 - Education and Skills Funding Agency Grants	684	1,743
Independent Living Fund Grant	1,662	1,665
PFI Special Grant	17,103	17,652
Pupil Premium	6,918	7,066
Troubled Families Grant	1,686	1,659
Youth Justice Board Grant	714	759
Other Care Grants (Adults)	3,403	3,533
Other Care Grants (Children)	6,368	4,390
Other	7,025	1,449
<b>Growth &amp; Regeneration</b>		
Discretionary Housing Payments	1,045	1,351
Go Ultra Low Grant	109	2,307
Homelessness Reduction & Support Grants	9,573	4,226
Housing Benefit (rent allowances/council tax benefit) subsidy	117,834	127,922
Housing Benefit Administration Subsidy	2,377	2,804
Innovate UK Grant	77	438
Public Health	33,643	33,259
COVID-19 - Public Health Grants	5,288	15,810
Public Health – Other	2,208	271
SWERCOTS	420	424
Travel & Transport Grants	564	157
Air Quality Grant	657	1,393
Arts Council England - Museums	2,105	2,096
Better Bus Area Fund	-	87
Sustainable Travel Access Fund	976	2,535
Winter Funding	6,913	1,640
Covid-19 - Business Support Grants	3,804	18,662
North & South Bristol Enterprise Support Grants	635	-
Other	5,323	5,039
<b>Resources</b>		
Covid 19 - Tax Income Guarantee Grant	-	1,420
Covid 19 - Test & Trace Support Grant	4,568	752
Non City Council elections	-	25
Brexit	-	86
Local Crisis and Prevention Fund	-	608
Other	1,490	479
<b>Total</b>	<b>446,712</b>	<b>476,079</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:

	31 March 2022 £'000	31 March 2021 £'000
<b>Capital Grants and Contributions Received in Advance</b>		
Government grants	61,378	33,337
Section 106 contributions	41,741	44,441
<b>Total</b>	<b>103,120</b>	<b>77,778</b>
Due < 1 year	71,814	44,447
Due > 1 year	31,306	33,331
<b>Total</b>	<b>103,120</b>	<b>77,778</b>
<b>Revenue grants (within creditors)</b>		
People	4,693	2,812
Growth & Regeneration	1,943	3,442
Resources	1,155	493
<b>Total</b>	<b>7,791</b>	<b>6,747</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.

2021/22	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<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	(76,750)	(33,567)	-	-	-	(110,317)
Movement in the market value of Investment Properties	82,057	792	-	-	-	82,849
Amortisation of Intangible Assets	(5,475)	(470)	-	-	-	(5,945)
Capital grants and distributions	43,955	477	-	-	-	44,432
Revenue and expenditure funded from capital under statute	(5,483)	-	-	-	-	(5,483)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(20,992)	(9,306)	-	-	-	(30,298)
Changes in Fair Value of Financial Instruments (MiRs)	148	-	-	-	-	148
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	14,381	-	-	-	-	14,381
Capital expenditure charged against the General Fund and HRA balances	2,601	177	-	-	-	2,778
<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	4,762	14,020	(18,781)	-	-	-
Administrative costs of non-current asset disposals	(188)	-	188	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16,646	-	-	16,646
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	(2,112)	2,112	-	-	-
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
Excess depreciation transferred to the MRR	-	-	-	-	-	-
HRA depreciation credited to MRR	-	30,896	-	(30,896)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	29,290	-	29,290
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Unapplied Capital Grants	-	-	-	-	-	-
Application of grants and contributions to capital financing	-	-	-	-	(475)	(475)
<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 35)	(92,969)	(12,169)	-	-	-	(105,138)
Employer's pensions contributions and direct payments to pensioners payable in the year	44,926	4,896	-	-	-	49,822
<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	38,749	-	-	-	-	38,749
<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	3,280	-	-	-	-	3,280
<b>Other Reserve Movements</b>						
	(1,795)	-	(1,448)	-	-	(3,243)
Total Adjustment	31,385	(6,367)	(1,283)	(1,606)	(475)	21,654

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			-
<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 35)	(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>



## 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 2021/22, 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 2022 has been transferred to a new unusable reserve the Dedicated Schools Grant Adjustment Account. See Note 34 for further details.
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans
- The Business Rates Volatility Reserve, included in Risk Reserves in the table below– includes a balance as at 31 March 2022 of £29.7m for COVID-19 grants received in 2021/22 to be used in 2022/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2021/22 are charged to the General Fund in future years. 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 2022/23 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 2020	Transfers out	Transfers in	31 March 2021	01 April 2021	Transfers out	Transfers in	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total General Fund Strategic Reserve</b>	(17,001)	-	(18,665)	(35,666)	(35,666)	6,100	(10,508)	(40,074)
<b>General Fund Earmarked Reserves</b>								
Capital Investment Reserve	(25,166)	1,501	(11,969)	(35,634)	(35,634)	11,656	(13,116)	(37,094)
Business Transformation Reserve	(3,131)	798	(1,000)	(3,333)	(3,333)	1,899	(1,414)	(2,848)
Risk Management Reserve	(16,050)	10,233	(100,176)	(105,993)	(105,993)	134,247	(82,701)	(54,447)
Statutory/Ring-fenced Reserve	(31,255)	32,350	(50,288)	(49,192)	(49,192)	19,481	(27,077)	(56,788)
Financing Reserve	(9,218)	3,323	(713)	(6,608)	(6,608)	2,559	(547)	(4,596)
Service Specific Reserves	(12,570)	3,978	(11,355)	(19,947)	(19,947)	9,699	(7,415)	(17,663)
<b>Total</b>	(97,390)	52,184	(175,501)	(220,707)	(220,707)	179,540	(132,268)	(173,435)
<b>School Reserves</b>								
Schools – DSG	2,892	(2,892)	-	-	-	-	-	-
Schools - Balances	(8,910)	1,729	-	(7,180)	(7,180)	2,103	-	(5,077)
Schools - Other	(1,284)	978	(42)	(348)	(348)	-	(178)	(526)
<b>Total Schools</b>	(7,302)	(184)	(42)	(7,529)	(7,529)	2,103	(178)	(5,604)
<b>Total Dedicated Schools Grant Reserve</b>								
<b>HRA</b>								
HRA General Reserve	(87,526)	601	(10,865)	(97,791)	(97,791)	-	(3,785)	(101,576)
Major Repairs Reserve	(3,606)	21,642	(29,332)	(11,296)	(11,296)	58,920	(60,526)	(12,902)
HRA Earmarked Reserves	-	601	(1,251)	(651)	(651)	-	(4)	(655)
<b>Total HRA Reserves</b>	(91,132)	22,843	(41,448)	(109,737)	(109,737)	58,920	(64,315)	(115,133)
<b>Capital Reserves</b>								
Capital Receipts	(2,685)	107,570	(107,966)	(3,080)	(3,080)	20,537	(21,012)	(3,555)
Capital Grants Unapplied	(78,512)	45,138	(45,117)	(78,491)	(78,491)	33,757	(35,041)	(79,774)
<b>Total Usable Capital Reserves</b>	(81,196)	152,708	(153,083)	(81,571)	(81,571)	54,294	(56,052)	(83,329)
<b>TOTAL USABLE RESERVES</b>	(294,021)	227,550	(388,739)	(455,209)	(455,209)	300,957	(263,323)	(417,575)

## 20 Property, Plant and Equipment Movements in 2021/22

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

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>									
<b>At 1 April 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>
Additions	34,042	14,619	9,362	21,634	559	48,682	150	129,048	-
Donations	-	-	-	-	-	-	-	-	-
Revaluation Increases / (decreases) recognised in the Revaluation Reserve	158,521	50,013	-	-	114	(1,686)	(560)	206,402	1,452
Revaluation Increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(25,139)	-	-	-	(32,862)	(822)	(58,823)	(641)
Derecognition - Disposals	(8,363)	(5,769)	-	-	(3)	-	(13,011)	(27,146)	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Assets reclassified to / from Held for Sale	-	-	-	-	-	-	-	-	-
Assets reclassified to / from Investment Property	-	-	-	-	-	-	-	-	-
Other movements in cost or valuation	10,183	(6,884)	(74)	(42)	74	(3,257)	-	-	-
<b>At 31 March 2022</b>	<b>1,960,283</b>	<b>684,821</b>	<b>99,232</b>	<b>395,130</b>	<b>8,614</b>	<b>34,539</b>	<b>29,587</b>	<b>3,212,206</b>	<b>27,715</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2021	(14,378)	(16,726)	(38,579)	(66,831)	(416)	(4)	(124)	(137,058)	(318)
Depreciation Charge	(30,188)	(19,250)	(8,698)	(11,219)	-	-	(247)	(69,602)	(658)
Depreciation written out to Revaluation Reserve	29,403	-	-	-	-	-	-	29,403	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	17,938	-	-	-	-	245	18,183	641
Derecognition - Disposals	68	148	-	-	-	-	-	216	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	1	174	148	-	(148)	(175)	-	-	-
<b>At 31 March 2022</b>	<b>(15,094)</b>	<b>(17,716)</b>	<b>(47,129)</b>	<b>(78,050)</b>	<b>(564)</b>	<b>(179)</b>	<b>(126)</b>	<b>(158,858)</b>	<b>(335)</b>
<b>Balance Sheet at 31 March 2022</b>	<b>1,945,189</b>	<b>667,105</b>	<b>52,103</b>	<b>317,080</b>	<b>8,050</b>	<b>34,360</b>	<b>29,461</b>	<b>3,053,348</b>	<b>27,380</b>
<b>Balance Sheet at 1 April 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>

## Property, Plant and Equipment Comparative movements in 2020/21

	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>

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 2022 the Council had entered several contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £108.1m.

Significant contractual commitments outstanding at 31 March 2022 were as follows:

		£m
Bristol Beacon - Cultural refurbishment scheme	Willmott Dixon Construction Ltd	23.3
Avonmouth and Severnside Enterprise Area - Flood defences	South Gloucestershire Council	21.5
Design, Supply & Installation of New Kitchens and Electrical Rewires	Bell Group	11.2
Design, Supply & Installation of New Kitchens and Electrical Rewires	Jeff Way Construction Ltd	11.2
Refurbishment - Bishport 5 Blocks	Rateavon Ltd	9.2
Refurbishment & Replacement of EWI system to Ecclestone & Phoenix House	SERS Energy Solutions Group Ltd	6.7
SEND Expansion Programme: Bristol Education Centre redevelopment	Vercity Management Services Limited t/a Bristol LEP Limited	6.4
Hawkfield Business Park Conversion	ISG Construction Ltd	3.4
Refurbishment & Replacement of EWI system to Corbett House	Synergise Ltd	2.9
Bedminster Heat Network - Infrastructure	CSW Process Ltd	2.7
Transport Cumberland Road Stabilisation works	Alun Griffiths (Contractors) Ltd	2.6
Portway Park & Ride Rail Platform	Network Rail Infrastructure Limited	2.3
Transport - Floating pontoon walkway	Knights Brown Construction Ltd	1.9
Refurbishment - Roegate House	Rateavon Ltd	1.4
Bristol Waste (agency agreement) - Hartcliffe site construction	Bristol Waste Company Ltd	1.2
	<b>Total</b>	<b>108.1</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>	-	27,189	97,992	395,130	8,614	34,383	-	563,308
01 Oct 2021	1,960,283	596,472	1,240	-	-	-	29,589	2,587,584
01 Oct 2020	-	29,841	-	-	-	-	-	29,841
01 Oct 2019	-	9,161	-	-	-	-	-	9,161
01 Oct 2018	-	12,019	-	-	-	156	-	12,175
01 Dec 2017	-	10,139	-	-	-	-	-	10,139
<b>Total cost valuation</b>	<b>1,960,283</b>	<b>684,821</b>	<b>99,232</b>	<b>395,130</b>	<b>8,614</b>	<b>34,539</b>	<b>29,589</b>	<b>3,212,208</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. It was considered appropriate to increase the properties within Property Plant and Equipment by £126.9m, primarily relating to Council Dwellings (£110.7m).

## 21 Heritage Assets

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

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian books	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
01 April 2021	129,888	42,594	7,675	27,249	207,406
Additions	475	-	-	-	475
Revaluations	2,790	(250)	-	4,835	7,375
<b>31 March 2022</b>	<b>133,153</b>	<b>42,344</b>	<b>7,675</b>	<b>32,084</b>	<b>215,256</b>
<b>Cost or valuation</b>					
01 April 2021	126,625	42,588	7,675	27,168	204,056
Additions	96	-	-	-	96
Revaluations	3,167	6	-	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>

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:

	2021/22	2020/21
	£'000	£'000
Rental income from Investment Property	12,014	11,161
Direct operating expenses arising from Investment Property	(318)	(592)
Net gain	<b>11,696</b>	<b>10,569</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:

	2021/22	2020/21
	£'000	£'000
Balance at start of the year	275,903	252,586
Additions – purchases	-	256
Disposals	(2,112)	-
Net gains/losses from fair value adjustments	82,849	22,566
Transfers to/from Property, Plant and Equipment	-	495
Balance at end of the year	<b>356,640</b>	<b>275,903</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 income and expenditure line.

### Fair Value Hierarchy

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

	Other significant observable inputs (Level2)	
	2021/22	2020/21
	£'000	£'000
Retail	78,487	67,540
Industrial	209,606	144,779
Office	68,547	63,584
Balance at end of the year	<b>356,640</b>	<b>275,903</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 £5.9m charged to revenue in 2021/22 was charged to the central ICT cost centre and the Housing Revenue Account. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Cost of Service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The main purchases relate to system improvements from within the IT Transformation programme (ITTP), the majority of which was spent in 2020/21, with a residual amount in 2021/22.

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

	2021/22 £'000	2020/21 £'000
<b>Balance at start of the year</b>		
Gross carrying amounts	42,932	33,792
Accumulated amortisation	(20,345)	(15,820)
Accumulated impairment	(2,014)	(2,014)
<b>Net carrying amount at start of year</b>	<b>20,573</b>	<b>15,958</b>
<b>Additions:</b>		
Purchases	362	9,140
<b>Amortisation for the period</b>	<b>(5,944)</b>	<b>(4,525)</b>
<b>Net carrying amount at the end of year</b>	<b>14,991</b>	<b>20,573</b>
<b>Comprising:</b>		
Gross carrying amounts	43,294	42,932
Accumulated amortisation	(26,289)	(20,345)
Accumulated impairment	(2,014)	(2,014)
<b>Balance at end of the year</b>	<b>14,991</b>	<b>20,573</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 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(445,488)	(450,488)	(9,952)	(4,966)
Service Concessions	(116,238)	(123,910)	(9,101)	(8,951)
Creditors	(93)	(94)	(266,205)	(194,467)
<b>Financial Liabilities at Fair Value through profit and loss</b>				
Financial Derivative	-	-	-	(20,702)
<b>Total Financial Liabilities</b>	<b>(561,819)</b>	<b>(574,492)</b>	<b>(285,258)</b>	<b>(229,086)</b>
<b>Financial Assets at amortised cost</b>				
Investments	-	-	109,498	105,781
Debtors	24,548	11,332	96,972	92,809
<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	43,938	43,220	108,184	101,476
<b>Total Financial Assets</b>	<b>68,836</b>	<b>54,902</b>	<b>314,654</b>	<b>300,066</b>

### Movements

The increase in financial liabilities, circa £44m relates to an increase in the value of general creditors (£72m) during the year primarily due to government grants being received in advance. This was partly offset by the planned repayment of an overdraft (£20m) and service concessions (£8m).

The financial assets increased by circa £29m through a combination of increases in working capital and reserves resulting in additional cash resources to invest in lieu of using these resources.

## Borrowing

	31 March 2022 £'000	31 March 2021 £'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	285	101
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	8,251	3,251
- Banks and other monetary sector	1,137	1,334
- Energy improvement Loans	259	259
- Local bonds and Stocks	21	21
<b>Total</b>	<b>9,952</b>	<b>4,966</b>

	31 March 2022 £'000	31 March 2021 £'000
Non-current borrowing		
Public Works Loan Board	325,439	330,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
<b>Total</b>	<b>445,488</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 2021/22**

	<b>Financial Liabilities</b>		<b>Financial Assets</b>		
	<b>Measured at amortised cost</b>	<b>Amortised Cost</b>	<b>Fair Value through the CI</b>	<b>Fair Value through the P&amp;L</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest expense & Impairment Losses	(33,695)	-	-	-	(33,695)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,695)</b>
Interest Income	-	4,953	-	78	5,031
Fair Value Movement	-	-	-	148	148
Dividend Income	-	-	-	2,220	2,220
<b>Total income in Surplus or Surplus / Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>4,953</b>	<b>-</b>	<b>2,446</b>	<b>(26,296)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(33,695)</b>	<b>4,953</b>	<b>-</b>	<b>2,446</b>	<b>(26,296)</b>

**Financial Instruments Gains and Losses 2020/21**

	<b>Financial Liabilities</b>		<b>Financial Assets</b>		
	<b>Measured at amortised cost</b>	<b>Amortised Cost</b>	<b>Fair Value through the CI</b>	<b>Fair Value through the P&amp;L</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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>-</b>	<b>-</b>	<b>-</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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(28,862)</b>	<b>5,113</b>	<b>-</b>	<b>5,824</b>	<b>(17,925)</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 2022 using:			Fair value measurements at 31 March 2021 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	108,184	-	-	101,476	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	28,000	-	-	29,000
Bristol Holdings (unquoted equity investment)	-	-	5,465	-	-	4,992
Other unquoted private companies	-	-	192	-	-	128
Pooled property fund	-	-	10,281	-	-	9,100
<b>Fair Value through Other Comprehensive Income</b>						
Other unquoted private companies	-	-	350	-	-	350
<b>Total Non-traded securities:</b>	<b>108,184</b>	<b>-</b>	<b>44,288</b>	<b>101,476</b>	<b>-</b>	<b>43,570</b>
<b>Investment properties</b>	<b>-</b>	<b>356,640</b>	<b>-</b>	<b>-</b>	<b>275,903</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>29,462</b>	<b>-</b>	<b>-</b>	<b>43,706</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>108,184</b>	<b>386,102</b>	<b>44,288</b>	<b>101,476</b>	<b>319,609</b>	<b>43,570</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	806	-	-	806	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>-</b>	<b>806</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 £1.7m higher or lower respectively.
Bristol Holdings	Level 3	This investment has been valued at the Council's share of each company's net assets.	Calculations have been based on their unaudited accounts as at 31 March 2022.	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 (£542k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Council's share within the pooled fund.	The valuation for Pooled Property Funds has been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £89k higher or lower respectively.



### Transfers between levels of the fair value hierarchy

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

### Changes in valuation technique

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

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

Description	31 March 2022	31 March 2021
	Non-traded securities	Non-traded securities
	£'000	£'000
Opening balance	43,570	42,073
included in the surplus/(deficit) on the Provision of Services	112	1,597
included in Other Comprehensive Income and Expenditure	-	-
<b>Total gains/(losses) for the period:</b>	<b>112</b>	<b>1,597</b>
Additions	831	100
Disposals	(225)	(200)
<b>Closing balance</b>	<b>44,287</b>	<b>43,570</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 (-£1m), Homelessness Property fund (+£675k) and Bristol Holdings (+£473k).

## 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 2022		31 March 2021	
	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	459,400	333,690	501,500
Lender Option Borrower Option	70,667	98,100	70,865	108,400
Market Debt	50,470	68,100	50,469	74,700
Current Creditors	266,205	266,205	194,467	194,467
Service Concessions	125,339	177,629	132,861	204,061
Other	707	707	524	524
<b>Total Liabilities</b>	<b>847,078</b>	<b>1,070,141</b>	<b>803,578</b>	<b>1,104,354</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 £1.238bn an increase of £156m which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

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

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Current investments	103,948	103,948	64,983	64,983
Cash and Cash Equivalents	5,550	5,550	40,798	40,798
Non-current investments	-	-	-	-
Current Debtors	96,972	96,972	92,809	92,809
Non-current debtors	24,548	24,548	11,332	11,332
<b>Total Financial Assets</b>	<b>231,018</b>	<b>231,018</b>	<b>209,922</b>	<b>209,922</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 2022 using:			Fair value measurements at 31 March 2021 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			333,690	
Lender Option Borrower Options		70,667			70,865	
Market debt		50,470			50,469	
Service Concessions		125,339			132,861	
Other		707			524	
<b>Total</b>		<b>580,873</b>			<b>609,111</b>	
<b>Financial Assets held at amortised cost</b>						
Current Investments		103,948			64,983	
Cash and Cash Equivalents		5,550			40,798	
Non-current Investments		-			-	
Non-current Debtors		24,548			11,332	
<b>Total</b>		<b>134,046</b>			<b>117,113</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 15<sup>th</sup> February 2021 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 2022 that this was likely to crystallise.

## Allowance for Credit Losses

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

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£0	%	%	£0	£0
	A	B	C	(A*C)	
Non-Current Investments:	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-21
Non-traded securities	-	0.00%	0.00%	-	-
Sub-total	-			-	-
<b>Current Investments:</b>					
Local Authorities	53,537	0.00%	0.00%	-	-
AA rated counterparties	15,076	0.02%	0.02%	3	5
A rated counterparties	40,885	0.05%	0.05%	20	10
Sub-total	<b>109,498</b>			<b>23</b>	<b>15</b>
<b>Trade debtors</b>	<b>96,972</b>			-	-
<b>Non-current debtors</b>	<b>24,548</b>			-	-
<b>Total Financial assets</b>	<b>231,018</b>			<b>23</b>	<b>15</b>

The estimated maximum exposure for credit loss for Treasury investments is £23k and a general allowance of £100k has been set aside for this.

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

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

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

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

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

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

Debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-21
	£'000	£'000	£'000	£'000
Local taxpayers	59,488	(37,635)	21,853	15,566
Housing rents	11,935	(8,934)	3,001	3,032
Other - sundry debtors	158,061	(35,047)	123,014	114,038
<b>Total Other Entities and Individuals</b>	<b>229,484</b>	<b>(81,616)</b>	<b>147,868</b>	<b>132,636</b>
Central Government bodies	10,970	-	10,970	10,561
Other local authorities	1,509	-	1,509	1,571
NHS bodies	509	-	509	160
<b>Total debtors</b>	<b>242,472</b>	<b>(81,616)</b>	<b>160,856</b>	<b>144,928</b>
<b>Balance sheet debtors</b>	<b>242,472</b>	<b>(81,616)</b>	<b>160,856</b>	<b>144,928</b>
Current debtors not qualifying as a financial instrument under IFRS	(101,520)	37,635	(63,885)	(52,119)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>140,952</b>	<b>(43,981)</b>	<b>96,971</b>	<b>92,809</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 2022	31 March 2021
	£'000	£'000
Less than three months	35,031	29,971
Three to four months	2,218	1,754
Four months to one year	17,837	15,276
More than one year	50,514	46,848
<b>Total</b>	<b>105,599</b>	<b>93,849</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 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	314,654	300,066
Between 1 and 2 years	1,712	1,699
Between 2 and 3 years	1,738	1,724
More than 3 years	65,386	51,479
<b>Total</b>	<b>383,490</b>	<b>354,968</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	285,258	229,086
1 - 2 Years	18,492	13,853
2 - 5 Years	59,646	44,162
5 - 10 Years	76,191	90,722
10+ Years	407,490	425,754
<b>Total</b>	<b>847,077</b>	<b>803,577</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.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2022  £'000	%	Actual 31 March 2021  £'000	%
Less than 1 year	-	30	9,952	2%	4,966	1%
Between 1 and 2 years	-	40	-	0%	5,000	1%
Between 2 and 5 years	-	40	32,000	7%	20,000	4%
Between 5 and 10 years	-	50	22,000	5%	34,000	7%
More Than 10 Years	25	100	391,488	86%	391,488	87%
<b>Total</b>			<b>455,441</b>	<b>100%</b>	<b>455,454</b>	<b>100%</b>

Included within the maturity profile are £70m of LOBOS with maturities averaging 39 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 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31-Mar 2022 £'000
Increase in interest receivable on variable rate investments	2,429
Impact on Surplus or Deficit on the Provision of Services	2,429
Share of overall impact debited to the HRA	1,740
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	236,700

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

### Price risk

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

### Foreign exchange risk

During 2021/22 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.

	2021/22 £'000	2020/21 £'000
Opening Capital Financing Requirement	886,406	869,923
<b>Capital investment</b>		
Property, Plant and Equipment	129,299	107,527
Investment Properties	-	256
Heritage Assets	475	95
Intangible Assets	362	9,140
Long Term Investments / Debtors	1,131	1,660
Revenue Expenditure Funded from Capital under Statute	5,483	18,636
Capital Receipts set aside for repayment of debt	(1,970)	(1,386)
<b>Sources of finance</b>		
Capital receipts	(16,646)	(38,391)
Government grants and other contributions	(43,957)	(41,209)
Sums set aside from revenue:		
· Direct revenue contributions	(2,778)	(4,592)
· Use of Major Repairs Reserve	(29,290)	(21,642)
· MRP – City Council Debt	(14,381)	(13,611)
<b>Closing Capital Financing Requirement</b>	<b>914,134</b>	<b>886,406</b>
Explanation of movements in year		
Less Minimum Revenue Provision	(14,380)	(13,611)
Use of capital receipt for repayment of debt	(1,970)	(1,386)
Increase in underlying need to borrowing (unsupported by government financial assistance)	44,078	31,480
<b>Increase in Capital Financing Requirement</b>	<b>27,728</b>	<b>16,483</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:

	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	14,149	13,821
Later than one year and not later than five years	49,012	48,837
Later than five years	865,425	851,243
	<b>928,586</b>	<b>913,901</b>

The minimum lease payments receivable at 31 March 2022 and 2021 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 31<sup>st</sup> March 2022 cumulative payments totalling £161m (£151m in 2020/21) 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
2022/23	3,306	2,339	3,867	(199)	9,313
2023/24 to 2026/27	14,069	11,716	12,453	1,642	39,880
2027/28 to 2031/32	17,087	18,819	6,322	(529)	41,698
<b>Total</b>	<b>34,461</b>	<b>32,874</b>	<b>22,642</b>	<b>914</b>	<b>90,891</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 2022 cumulative payments totalling £234m (£215m in 2020/21) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	5,671	3,951	5,366	4,455	19,443
2023/24 to 2026/27	24,375	17,044	18,353	19,975	79,748
2027/28 to 2031/32	34,671	29,322	14,610	25,621	104,224
2032/33 to 2034/35	18,351	19,364	2,577	11,550	51,842
<b>Total</b>	<b>83,068</b>	<b>69,682</b>	<b>40,906</b>	<b>61,601</b>	<b>255,256</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 2022 payments totalling £35m (£32m at 31 March 2021) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	366	496	1,258	1,438	3,558
2023/24 to 2026/27	1,556	2,041	4,531	6,296	14,424
2027/28 to 2031/32	2,135	4,028	4,120	8,214	18,497
2032/33 to 2036/37	2,346	5,549	1,794	9,117	18,806
<b>Total</b>	<b>6,403</b>	<b>12,114</b>	<b>11,703</b>	<b>25,065</b>	<b>55,285</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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at the start of year	108,712	114,775	12,761	13,469
Movement in year	(6,157)	(6,063)	(646)	(708)
<b>Balance outstanding at year end</b>	<b>102,555</b>	<b>108,712</b>	<b>12,115</b>	<b>12,761</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 £1.5m 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
2022/23	30,782	2,315	265	33,362
2023/24 to 2026/27	108,595	8,354	459	117,408
<b>Total</b>	<b>139,377</b>	<b>10,669</b>	<b>724</b>	<b>150,770</b>

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

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at the start of year	108,712	114,775	12,761	13,469	11,388	12,311	132,861	140,555
Movement in year	(6,157)	(6,063)	(646)	(708)	(2,214)	(923)	(9,017)	(7,694)
<b>Balance outstanding at year end</b>	<b>102,555</b>	<b>108,712</b>	<b>12,115</b>	<b>12,761</b>	<b>9,174</b>	<b>11,388</b>	<b>123,844</b>	<b>132,861</b>

## 29 Debtors

		31 March 2022 £'000	31 March 2021 £'000
i	<b>Current debtors</b>		
	Trade receivables	28,981	21,451
	Prepayments	7,089	3,948
	VAT	11,462	9,632
	Other	113,324	109,897
	<b>Total</b>	<b>160,856</b>	<b>144,928</b>

Impairments for doubtful debts are detailed in Note 24.

		31 March 2022 £'000	31 March 2021 £'000
ii	<b>Long-term debtors</b>		
	Mortgages	190	190
	Capital loans (Probation/Fire/LEP/Bristol Waste)	24,109	10,865
	South Gloucestershire Council	327	354
	Former county Council debt	36,181	37,689
	<b>Total</b>	<b>60,807</b>	<b>49,098</b>

### 30 Inventories

	2021/22 £'000	2020/21 £'000
Stock	1,861	1,841
Work in Progress	25,117	9,819
Property constructed for sale	-	756
<b>Total</b>	<b>26,978</b>	<b>12,416</b>

### 31 Cash and Cash Equivalents

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

	2021/22 £'000	2020/21 £'000
Cash held by the Council	260	271
Bank current accounts	(19,709)	(20,702)
Short-term deposits with banks / building societies	133,184	142,003
<b>Total Cash and Cash Equivalents</b>	<b>113,735</b>	<b>121,572</b>

### 32 Creditors

	2021/22 £'000	2020/21 £'000
<b>Current liabilities</b>		
Trade payables	25,217	12,038
Other payables	179,339	142,329
Receipts in advance	93,169	61,006
<b>Total</b>	<b>297,725</b>	<b>215,373</b>

	2021/22 £'000	2020/21 £'000
<b>Other long-term liabilities</b>		
Service Concession contract liabilities (see Note 28)	116,238	123,910
Retirement benefit obligations (see Note 35)	1,025,888	1,127,918
Deferred liabilities	37,689	39,260
Rent Deposits	93	94
<b>Total</b>	<b>1,179,908</b>	<b>1,291,181</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 2022 the liability in the Council's Balance Sheet of £37.7m (2021: £39.3m) 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.

### 33 Provisions

	Balance at 31 March 2021	Additional provisions made in 2021/22	Amounts used in 2021/22	Balance at March 2022	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation	(109)	-	109	-	-	-
Succession Planning	-	(1,080)	-	(1,080)	(1,080)	-
Insurance fund	(1,608)	(796)	629	(1,775)	(1,271)	(504)
NDR Provision for appeals	(25,521)	(18,143)	18,464	(25,200)	-	(25,200)
Legal	(498)	-	-	(498)	(498)	-
Winding up of Bristol Energy Ltd	(3,891)	-	3,891	-	-	-
Other	(411)	-	110	(301)	-	(301)
	<b><u>(32,038)</u></b>	<b><u>(20,019)</u></b>	<b><u>23,203</u></b>	<b><u>(28,854)</u></b>	<b><u>(2,849)</u></b>	<b><u>(26,005)</u></b>
Due < 1 year	(5,761)			(2,849)		
Due > 1 year	(26,277)			(26,005)		
	<b><u>(32,038)</u></b>			<b><u>(28,854)</u></b>		

Details of the provisions are shown in the table below:

Provision	Purpose
Business Transformation	Covers future exit costs arising from services management of change processes
Succession Planning	Covers the cost of exit costs arising from the Council's succession planning.
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



## 34 Unusable Reserves

	2021/22	31 March 2021
	£'000	£'000
Revaluation Reserve	(1,199,657)	(987,171)
Capital Adjustment Account	(1,579,816)	(1,510,865)
Financial Instruments Adjustment Account	6,721	6,898
Deferred Capital Receipt Reserve	(12,851)	(1,448)
Pensions Reserve	1,032,629	1,141,369
Collection Fund Adjustment Account – Council tax	7,526	4,539
Collection Fund Adjustment Account – NNDR	38,988	80,159
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	2,671	3,237
Accumulated Absences Account	10,108	13,388
Dedicated Schools Grant Adjustment Account	24,650	10,004
	<u>(1,669,030)</u>	<u>(1,239,890)</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.

	2021/22	2021/22	2020/21	2020/21
	£'000	£'000	£'000	£'000
Balance at 1 April		(987,171)		(861,614)
Upward revaluation of assets	(257,767)		(190,456)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	14,337		39,555	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(243,430)		(150,901)
Amount written off to the Capital Adjustment Account		30,944		25,344
<b>Balance at 31 March</b>		<u><b>(1,199,657)</b></u>		<u><b>(987,171)</b></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.

	2021/22	2020/21
	£'000	£'000
<b>Balance at 1 April</b>	(1,510,865)	(1,520,227)
<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	69,603	65,697
Revaluation losses on Property, Plant and Equipment	40,640	52,654
Amortisation of Intangible Assets	5,945	4,525
Movement in the fair value of financial Instruments	(75)	(1,597)
Revenue Expenditure Funded from Capital Under Statute	5,483	18,636
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	30,298	36,802
	(1,358,971)	(1,343,510)
Adjusting amounts written out of the Revaluation Reserve	(30,944)	(25,344)
Net written out amount of the cost of non-current assets consumed in the year	(1,389,915)	(1,368,854)
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(16,646)	(38,391)
Use of the Major Repairs Reserve to finance new capital expenditure	(29,290)	(21,642)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(43,957)	(41,209)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14,381)	(13,611)
Use of the Capital Receipts Reserve for repayment of Long-Term Investments financed by borrowing	(1,970)	(1,386)
Long Term Capital Investment repaid	1,970	1,386
Capital expenditure charged against the General Fund and HRA balances	(2,778)	(4,592)
	(1,496,967)	(1,488,299)
Movements in the market value of Investments debited or credited to the Comprehensive Income and Expenditure Statement	(82,849)	(22,566)
<b>Balance at 31 March</b>	<b>(1,579,816)</b>	<b>(1,510,865)</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 2022 will be charged to the General Fund over the next 38 years.

	2021/22	2021/22	2020/21	2020/21
	£'000	£'000	£'000	£'000
Balance at 1 April		6,898		7,076
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	(177)		(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		(177)		(178)
<b>Balance at 31 March</b>		<b>6,721</b>		<b>6,898</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.

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	(1,448)	-
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the comprehensive income and expenditure statement	(12,851)	(1,448)
Transfer to the capital receipts reserve upon receipt of cash	1,448	-
<b>Balance at 31 March</b>	<b>(12,851)</b>	<b>(1,448)</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.

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	1,141,369	993,905
Remeasurements on pensions assets and liabilities	(164,056)	112,346
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	105,138	83,834
Employer's pensions contributions and direct payments to pensioners payable in year	(49,822)	(48,716)
<b>Balance at 31 March</b>	<b>1,032,629</b>	<b>1,141,369</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.

	2021/22 £'000	2020/21 £'000
Balance at 1 April	87,935	(477)
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	(38,749)	88,412
<b>Balance at 31 March</b>	<b>49,186</b>	<b>87,935</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.

	2021/22 £'000	2021/22 £'000	2020/21 £'000	2020/21 £'000
<b>Balance at 1 April</b>		13,388		6,604
Settlement or cancellation of accrual made at the end of the preceding year	(13,388)		(6,604)	
Amounts accrued at the end of the current year	10,108		13,388	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(3,280)		6,784
<b>Balance at 31 March</b>		<b>10,108</b>		<b>13,388</b>

## Dedicated Schools Grant Adjustment Account

Regulations effective from 1<sup>st</sup> 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<sup>st</sup> April 2020, 1<sup>st</sup> April 2021 or 1<sup>st</sup> 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<sup>st</sup> 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.

	2021/22 £'000	2020/21 £'000
Balance at 1 April	10,004	-
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	14,646	7,112
<b>Balance at 31 March</b>	<b>24,650</b>	<b>10,004</b>

## 35 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 2021/22 was 24.99% resulting in a total payment of £10.864m (£10.309m in 2020/21) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.492m (£2.506m in 2020/21) 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 £1.586m (£1.690m in 2020/21). 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 2021/22 a total payment of £0.402m (£0.35m in 2020/21) 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>Income and Expenditure Account</b>				
<b>Net cost of services</b>				
Current service cost	84,900	64,432	-	-
Past service gains/curtailment costs/Settlements	(4,184)	(4,332)	-	-
Administration expense	1,251	1,211	-	-
<b>Financing and Investment Income</b>				
<b>Expenditure</b>				
Net interest cost	21,860	21,068	1,311	1,455
<b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>103,827</b>	<b>82,379</b>	<b>1,311</b>	<b>1,455</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurements (assets/liabilities)	(164,233)	107,833	177	4,513
<b>Movement in Reserves Statement</b>				
Reversal of net charges made for retirement benefits in accordance with IAS19	(103,827)	(82,379)	(1,311)	(1,455)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to scheme	45,741	44,519	4,081	4,197

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2021/22 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>01-Apr</b>	(2,925,287)	(2,514,914)	(34,356)	(33,688)	(64,492)	(62,721)	(3,024,135)	(2,611,323)
Current service cost	(84,900)	(64,432)	-	-	-	-	(84,900)	(64,432)
Interest on pension liabilities	(60,666)	(59,629)	(692)	(776)	(1,311)	(1,455)	(62,669)	(61,860)
Contributions by scheme participants	(13,731)	(13,196)	-	-	-	-	(13,731)	(13,196)
Remeasurement (liabilities)								
Experience gain/(loss)	(8,018)	54,877	(94)	786	(180)	998	(8,292)	56,661
Gain/(loss) on financial assumptions	1,601	(404,302)	-	(3,408)	(617)	(5,511)	984	(413,221)
Gain/(loss) on demographic assumptions	22,566	-	237	-	620	-	23,423	-
Benefits paid	72,863	69,098	2,705	2,730	4,081	4,197	79,649	76,025
Past service grants, curtailment costs and settlements	9,974	7,211	-	-	-	-	9,974	7,211
<b>31-Mar</b>	<b>(2,985,598)</b>	<b>(2,925,287)</b>	<b>(32,200)</b>	<b>(34,356)</b>	<b>(61,899)</b>	<b>(64,492)</b>	<b>(3,079,697)</b>	<b>(3,024,135)</b>



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

	2021/22	2020/21
	£'000	£'000
<b>01-Apr</b>	1,896,322	1,617,523
Interest on plan assets	39,337	39,337
Remeasurement (assets)	244,214	244,214
Administration expense	(1,211)	(1,211)
Settlements	(2,879)	(2,879)
Employer contributions	57,970	57,970
Contributions by scheme participants	13,196	13,196
Benefits paid	(71,828)	(71,828)
<b>31-Mar</b>	<b>2,175,121</b>	<b>1,896,322</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 £187,439m (2020/21 £283,551m).

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

	2021/22	2020/21	2019/20
	£'000	£'000	£'000
<b>Present value of liabilities:</b>			
Local Government Pension Scheme	(3,017,798)	(2,959,643)	(2,548,602)
Teachers' unfunded liabilities	(61,899)	(64,492)	(62,721)
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>2,053,915</b>	<b>1,896,322</b>	<b>1,617,523</b>
<b>Surplus/(deficit) in the scheme:</b>			
Local Government Pension Scheme	(963,883)	(1,063,321)	(931,079)
Teachers' unfunded liabilities	(61,899)	(64,492)	(62,721)
<b>Total</b>	<b>(1,025,782)</b>	<b>(1,127,813)</b>	<b>(993,800)</b>

The total liabilities shown in the Balance Sheet comprise the above (£1,025,782m) together with a small amount in respect of pre-1974 liabilities (£0.105m) totalling (£1,025,887m).

## 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 2020.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2021/22	2020/21	2021/22	2020/21
<b>Mortality assumptions:</b>				
Longevity at 65 for current pensioners:				
Men	23.1	23.3	23.1	23.3
Women	25.3	25.4	25.3	25.4
Longevity at 75 for current pensioners:				
Men	-	-	14.3	14.4
Women	-	-	16.1	16.2
Longevity at 65 for future pensioners:				
Men	24.6	24.8	-	-
Women	27.3	27.4	-	-
	%	%	%	%
Rate for discounting scheme liabilities	2.8	2.1	2.8	2.1
Rate of inflation - CPI	3.4	2.7	3.5	2.7
Rate of increase in salaries	4.9	4.2	-	-
Rate of increase in pensions	3.5	2.8	2.8	2.8

The estimated Macaulay duration of liabilities (at later of 31 March 2020 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 2022.

Impact on the Defined Benefit Obligation in the Scheme (LGPS)	2021/22 £'000	2020/21 £'000
Longevity (increase or decrease by 1 year)	95,116	93,692
Rate of inflation (increase or decrease by 0.1%)	53,125	51,775
Rate of increase in salaries (increase or decrease by 0.1%)	4,325	4,865
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(51,281)	(49,860)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	2021/22 £'000	2020/21 £'000
Longevity (increase or decrease by 1 year)	2,396	2,444
Rate of inflation (increase or decrease by 0.1%)	635	657
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(568)	(588)

#### Local Government Pension Scheme assets comprise

Asset Category	Sub-Category	Quoted (Y/N)	31 March 2022 £'000	31 March 2021 £'000
Equities	UK Quoted	Y	-	-
	Global Quoted	Y	834,765	608,560
	Emerging Markets	Y	-	102,582
	<b>Sub-total equities</b>		<b>834,765</b>	<b>711,142</b>
Bonds	UK Government Indexed	Y	254,567	267,857
	Sterling Corporate Bonds	Y	153,395	160,392
	<b>Sub-total bonds</b>		<b>407,962</b>	<b>428,249</b>
Property	Property Funds		136,639	136,536
	<b>Sub-total property</b>		<b>136,639</b>	<b>136,536</b>
Alternatives	Hedge Funds	Y	59,239	98,877
	Diversified Growth Funds	Y	188,636	179,339
	Infrastructure	Y	179,772	147,399
	Secured Income	Y	163,665	100,279
	EFT's	Y	36,646	38,860
	Private Debt	Y	14,053	-
	<b>Sub-total alternatives</b>		<b>778,650</b>	<b>564,754</b>
Cash and equivalents	Cash Accounts	Y	32,538	55,641
	<b>Sub-total cash</b>		<b>32,538</b>	<b>55,641</b>
<b>Total Assets</b>			<b>2,053,915</b>	<b>1,896,322</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 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 £39.032m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2022 are £4.081m.

## **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.

## 36 Cash Flow Statement – Operating Activities

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

	2021/22 £'000	2020/21 £'000
Interest received	4,901	5,842
Interest paid	(33,806)	(33,652)
Dividends received	2,221	2,092

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

	2021/22 £'000	2020/21 £'000
Depreciation, impairment and downward revaluations	110,243	118,351
Amortisation	5,945	4,525
Increase/(decrease) in impairment for bad debt	1,317	2,131
(Decrease)/increase in creditors	75,619	44,001
(Increase)/decrease in debtors	(16,628)	(34,145)
(Increase)/decrease in inventories	(14,562)	(2,250)
Movement in pension liability	62,027	21,667
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	29,293	25,545
Other non-cash items charged to the net surplus or deficit on the provision of services	(86,651)	(27,557)
<b>Net cash flows from non-cash movements</b>	<b>166,603</b>	<b>152,268</b>

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

	2021/22 £'000	2020/21 £'000
Any other items for which the cash effects are investing or financing cash flows	(43,957)	(41,604)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(29,332)	(41,934)
	<b>(73,289)</b>	<b>(83,538)</b>

### 37 Cash Flow Statement - Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(132,850)	(106,008)
Purchase of short-term and long-term investments	(183,000)	(294,800)
Other (payments)/receipts for investing activities	(1,710)	(5,090)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	15,635	40,291
Proceeds from short-term and long-term investments	144,000	318,600
Other receipts from investing activities	79,842	67,733
<b>Net cash flows from investing activities</b>	<b>(78,083)</b>	<b>20,726</b>

### 38 Cash Flow Statement - Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short- and long-term borrowing	-	224
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(9,017)	(8,809)
Repayments of short- and long-term borrowing	(1,570)	(11,586)
Council tax and NNDR adjustments	3,500	(4,928)
<b>Net cash flows from financing activities</b>	<b>(7,088)</b>	<b>(25,099)</b>

### 39 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 2022
Bristol Holdings Limited	100% subsidiary The Council has one Director post on the Board.	£112.6k recharges from BCC and £3.5k recharges to BCC	Recharges	£178.5k preference share interest owed to BCC
Bristol Waste Company	100% subsidiary of Bristol Holding Limited The Council has one Director post on the Board.	£50.5m payments by Council to company £1.3m recharges from Company to Council	Contract for waste collection and recycling services Recharges	£8.4m loan from BCC for the acquisition of waste vehicles.
Goram Homes Ltd	100% subsidiary of Bristol Holdings Limited. The Council has one Director post on the Board.	£15.4m loan	Development of building projects	£15.4m loan
Bristol Heat Networks Limited (formally Energy Service Bristol Limited)	100% subsidiary of Bristol Holdings Limited. The Council has one Director post on the Board.	£0.3m loan	Operation of heat network energy centres	£0.3m loan
Bristol Energy & Technology Services (Supply) Limited	100% subsidiary of Bristol Holdings Limited The Council has one Director post on the Board. The company is currently dormant.	None	N/A	Nil
Bristol is Open Limited	100% owned subsidiary The Council has one Director posts on the Board.	None	N/A	Nil
Bristol Local Education Partnership (LEP) Ltd	Joint venture with BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and IIC Bristol Infrastructure Limited 80%. The Council has one director post on the board.	£13.9m payments to the company	Provision of ICT and construction services to schools in Bristol.	Nil
City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Bristol Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Bristol City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Energy Partnership Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil



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

### 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.

## 40 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 2021/22 is £10.261m (2020/21 £9.750m). There has been no change to the Council's assets or liabilities arising from the transfer of functions to WECA.

## **41      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 2022, litigation proceedings had not commenced and no claims have been received.

## HRA Income and Expenditure Statement

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

	Note	2021/22 Net £'000	2020/21 Net £'000
<b>Expenditure</b>			
Repairs and maintenance		35,786	31,450
Supervision and management		32,309	29,959
Special services		12,501	9,769
Rent, rates, taxes and other charges		662	1,117
Depreciation and impairment of non-current assets	4	34,037	30,381
Debt management		36	37
Debt write offs and movement in the allowance for bad debts		627	1,628
<b>Total expenditure</b>		<b>115,959</b>	<b>104,341</b>
<b>Income</b>			
Dwelling rents	2	(112,501)	(113,814)
Non-dwelling rents		(919)	(1,017)
Charges for services and facilities		(9,614)	(8,301)
Contributions towards expenditure		9	(4)
<b>Total income</b>		<b>(123,025)</b>	<b>(123,136)</b>
<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>(7,066)</b>	<b>(18,795)</b>
Net cost of HRA services		<b>(7,066)</b>	<b>(18,795)</b>
(Gain) on sale of HRA non-current assets		(2,602)	(12,423)
Movement in the Fair Value of Investment Properties		(792)	379
Interest payable and similar charges		11,193	11,210
HRA interest and investment income		(288)	(359)
Pensions interest costs and expected return on assets	5	2,609	2,472
Capital Grants and Contributions Receivable		(477)	(481)
<b>(Surplus) for the year on HRA services</b>		<b>2,577</b>	<b>(17,997)</b>

## Statement of movement on the HRA Balance

	Note	31 March 2022 Net £'000	31 March 2021 Net £'000
HRA balance brought forward		(98,391)	(87,526)
(Surplus) for the year on the HRA Income and Expenditure Account		2,577	(17,997)
Adjustments between accounting basis and funding basis under statute		(6,367)	7,082
<b>(Increase) before reserve transfers</b>		<b>(3,789)</b>	<b>(10,915)</b>
Transfer from/to reserves		-	50
<b>Net (increase) on HRA balance</b>		<b>(3,789)</b>	<b>(10,865)</b>
<b>HRA balance carried forward</b>		<b>(102,180)</b>	<b>(98,391)</b>

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

	Note	31 March 2022 Net £'000	31 March 2021 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	(33,567)	(29,993)
Amortisation of Intangible Fixed Assets	4	(470)	(388)
Fair value movements on investment properties		792	(379)
Net charges made for retirement benefits in accordance with IAS19	5	(12,169)	(9,542)
Net gain/loss on disposal of assets		2,602	12,423
Capital Grants and Other Contributions	6	477	481
		<b>(42,335)</b>	<b>(27,398)</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	177	408
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	4,896	4,740
Transfer to Major Repairs Reserve	8	-	-
HRA depreciation to Major Repairs Reserve	8	30,896	29,332
Amortisation of premiums			
		<b>35,969</b>	<b>34,480</b>
<b>Net additional amount required by statute to be debited or credited to the HRA Balance for the year</b>		<b>(6,367)</b>	<b>7,082</b>

## Notes to the Housing Revenue Account

### 1 Dwelling numbers as at 31 March 2022

	31 March 2022	31 March 2021
Houses	11,222	11,285
Bungalows	1,079	1,081
Flats	14,560	14,561
<b>Total Dwellings held at 31 March 2022</b>	<b>26,861</b>	<b>26,927</b>

### 2 Rent and Rent Arrears

The total value of dwelling rents in 2021/22, less rent attributable to empty properties (voids), is £112.5m (£113.8m in 2020/21). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc are:

	31 March 2022 £'000	31 March 2021 £'000
Former tenants	2,222	3,081
Current tenants	9,713	10,042
	<b>11,935</b>	<b>13,123</b>
<b>Balance Sheet Provision</b>		
Former tenants	1,784	2,698
Current tenants	7,150	7,393
	<b>8,934</b>	<b>10,091</b>

### Vacant Possession

The vacant possession value of dwellings as at 1st April 2022 was £5.264bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.942bn, a difference of £3.322bn. 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 2021/22 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

	2021/22 £'000	2020/21 £'000
<b>Depreciation</b>		
Operational Assets - Dwellings	30,188	28,756
- Other, including leased	708	576
	<b>30,896</b>	<b>29,332</b>
Intangible Fixed Assets	470	388
<b>Total depreciation</b>	<b>31,366</b>	<b>29,720</b>
Revaluation losses	2,671	661
Reversal of impairment losses	-	-
<b>Total depreciation and impairment</b>	<b>34,037</b>	<b>30,381</b>

#### Impairment

There was a loss on revaluation of £2.7m charged to the surplus on provision of Services (2020/21: £0.661m).

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

For 2021/22 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.6m (2020/21 £2.5m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the Council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £12.2m (2020/21 (£9.5m)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £4.9m (2020/21 (£4.7m)) with the net movement on the Pension reserves of £7.3m (2020/21 £4.8m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see Note 35.

#### 6 Capital Expenditure and financing

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

Expenditure	2021/22 £'000	2020/21 £'000
Dwellings	39,241	38,637
Other Assets	177	408
	<b>39,418</b>	<b>39,045</b>
<b>Financing</b>		
Usable capital receipts	9,474	16,514
Revenue contributions to capital	177	408
Major Repairs Reserve	29,290	21,642
Other	477	481
	<b>39,418</b>	<b>39,045</b>

## 7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £14m (£35.3m in 2020/21). The receipts are summarised as follows:

	2021/22 £'000	2020/21 £'000
Receipts unapplied brought forward - 1 April	67,231	50,550
Right to Buy sales	12,616	8,021
Mortgage repayments	-	3
Disposal of Land and Buildings	1,404	27,287
	<b>81,251</b>	<b>85,861</b>
Allowable reductions		
Repaid to MHCLG	(2,112)	(2,115)
Capital receipts applied	9,474	(16,515)
Capital receipts applied to GF	-	-
<b>Capital receipts unapplied carried forward - 31 March</b>	<b>88,613</b>	<b>67,231</b>

## 8 Major Repairs Reserve

	2021/22 £'000	2020/21 £'000
Balance brought forward - 1 April	<b>(11,296)</b>	<b>(3,606)</b>
Capital expenditure (dwellings)	29,290	21,642
Major Repairs Allowance set aside in year	(30,896)	(29,332)
Excess depreciation credited to Statement of Movement on HRA Balance	-	-
<b>Balance carried forward - 31 March</b>	<b>(12,902)</b>	<b>(11,296)</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 £30.9m for 2021/22 (2020/21 - £29.3m). £29.3m was used to finance appropriate Housing Revenue Account capital expenditure.

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

	2021/22 £'000	2020/21 £'000
Dwellings	1,945,189	1,751,522
Land	41,624	38,785
Other assets	18,149	28,562
	<b>2,004,962</b>	<b>1,818,869</b>

## 10 Asset Split

	2021/22 £'000	2020/21 £'000
Operational - dwellings	1,945,189	1,751,522
Operational - other land and buildings	52,782	60,848
Non-operational	6,991	6,199
Intangible	1,294	1,587
Other	-	-
	<b>2,006,256</b>	<b>1,820,156</b>



## Collection Fund

### Collection Fund Income and Expenditure Account

31 March 2021				31 March 2022			
£'000	£'000	£'000			£'000	£'000	£'000
Business Rates	Council Tax	Total	Note	Business Rates	Council Tax	Total	
<b>Income</b>							
-	266,356	266,356	Council Tax	-	283,272	283,272	
137,951	-	137,951	Non-Domestic Rates	181,924	-	181,924	
(3,254)	-	(3,254)	Transitional Protection Payment	(3,743)	-	(3,743)	
<b>Contributions towards previous years</b>							
<b>Collection Fund Deficit:</b>							
-	-	-	Central Government	-	-	-	
1,673	-	1,673	Bristol City Council	84,946	2,549	87,495	
-	-	-	Avon & Somerset Police and Crime Commissioner	-	330	330	
18	-	18	Avon Fire Authority	904	109	1,013	
89	-	89	West of England Combined Authority	4,518	-	4,518	
136,478		402,834		268,549	286,260	554,809	
	266,356						
<b>Expenditure</b>							
<b>Apportionment of Previous Years</b>							
<b>Surplus</b>							
-	-	-	Central Government	-	-	-	
-	37	37	Bristol City Council	-	-	-	
-	4	4	Avon & Somerset Police and Crime Commissioner	-	-	-	
-	2	2	Avon Fire Authority	-	-	-	
-	-	-	West of England Combined Authority	-	-	-	
-	43	43		-	-	-	
<b>Precepts, Demands and Shares</b>							
197,854	226,055	423,910	Bristol City Council	197,435	236,198	433,634	
-	29,289	29,289	Avon & Somerset Police and Crime Commissioner	-	30,862	30,862	
2,105	9,635	11,740	Avon Fire Authority	2,100	9,779	11,880	
10,524	-	10,524	West of England Combined Authority	10,502	-	10,502	
210,483	264,979	475,462		210,038	276,839	486,877	
<b>Charges to the Collection Fund</b>							
649	1,237	1,885	Write offs of uncollectable amounts	104	1,280	1,384	
6,551	3,723	10,274	Increase/(Decrease) in bad debt provision	8,594	11,662	20,256	
702	-	702	Cost of Collection Allowance	698	-	698	
4,716	-	4,716	Disregarded amounts	5,657	-	5,657	
-	-	-	Prior year adjustment	-	-	-	
(2,056)	-	(2,056)	Increase/(Decrease) in provision for appeals	(341)	-	(341)	
10,561	4,960	15,521		14,712	12,941	27,654	
(84,567)	(3,626)	(88,193)	Surplus/ (Deficit) for the year	43,799	(3,520)	40,279	
314	(1,695)	(1,381)	Surplus/ (Deficit) as at 1 April	(84,253)	(5,321)	(89,574)	
(84,253)	(5,321)	(89,574)	Surplus/ (Deficit) as at 31 March	(40,454)	(8,841)	(49,295)	

## Notes to the Collection Fund Income and Expenditure Account

### 1 General

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

### 2 Council tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 127,950 for 2021/22 (128,566 for 2020/21). 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 £2,163.65 for 2021/22 (£2,061.03 for 2020/21) 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 2021/22 council tax

	<i>BANDS</i>									
	<i>A Entitled to Disabled Relief</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>Total</i>
<i>No of Properties</i>	0	53,191	74,349	39,792	18,833	9,825	4,819	2,861	341	204,011
<i>Exemptions and disabled relief</i>	(36)	(2,865)	(1,529)	(1,469)	(1,301)	(1,094)	(210)	(51)	10	(8,545)
<i>Less Discounts</i>	68	(5,546)	(5,596)	(2,760)	(1,132)	(517)	(209)	(130)	(63)	(15,883)
<i>Total Equivalent Dwellings</i>	32	44,781	67,224	35,563	16,400	8,215	4,400	2,680	288	179,583
<i>Ratio</i>	5/9	6/9	7/9	1	1	11/9	13/9	15/9	18/9	
<i>Band D Equivalents</i>	18	29,854	52,286	31,612	16,400	10,040	6,355	4,467	577	151,608
<i>Add Changes re: Additional Properties</i>										2,045
<i>Additional Exemptions</i>										(2,673)
<i>Council Tax Support</i>										(21,081)
<i>Rate of Collection 98.5%</i>										(1,948)
<i>Council Tax Base</i>										<u>127,950</u>

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

Council Tax	Total	Bristol City Council	Police & Crime Commissioner	Avon Fire Authority
	£'000	£'000	£'000	£'000
Debtors	38,188	32,552	4,301	1,335
Bad debt allowance	(25,053)	(21,356)	(2,822)	(876)
Prepayments and overpayments	(3,571)	(3,044)	(402)	(125)
Surplus/ (Deficit) at 31 March	<b>(8,841)</b>	<b>(7,526)</b>	<b>(998)</b>	<b>(317)</b>

Business Rates	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
	£'000	£'000	£'000	£'000	£'000
Debtors	28,655	26,936	1,433	287	
Bad debt allowance	(17,318)	(16,279)	(866)	(173)	
Prepayments and overpayments	(8,750)	(8,225)	(438)	(88)	
Appeals provision	(26,809)	(25,200)	(1,340)	(268)	
Surplus/ (Deficit) at 31 March	<b>(43,125)</b>	<b>(41,660)</b>	<b>(325)</b>	<b>(86)</b>	<b>(1,055)</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 2021/22 the non-domestic rating multiplier was 51.2p (51.2p in 2020/21) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2020/21).

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 £173.567m for 2021/22 (£132.808m for 2020/21). The significant change is due to specific COVID-19 reliefs given. The total rateable value at 31 March 2022 was £545.728m (£556.356m at 31 March 2021).

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

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

### **City Region Deal**

#### **Background**

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

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

#### **Transactions**

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

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

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

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
<b>Funds held by BRP at 1 April</b>	(55,830)	(14,363)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(25,826)	(5,820)	3,954	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	9,066	2,787	-	(2,729)
- BRP management fee	35	9	-	-
- EDF management fee	65	16	-	-
- Tier 2 EDF funding	3,397	640	-	(703)
-Tier 3 demographic and service pressures	2,739	501	-	(646)
<b>Funds held by BRP at 31 March</b>	<b>(66,354)</b>	<b>(16,230)</b>		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(4,055)	(2,017)	n/a	n/a
Committed cash (Tier 3)	(62,299)	(14,213)	n/a	n/a
<b>Expenditure/(Revenue) recognised</b>	<b>(66,354)</b>	<b>(16,230)</b>	<b>3,954</b>	<b>(4,078)</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 £2,017m 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 made a payment of £0.703m to Bristol City Council on behalf of the EDF in 2021/22 (2020/21: £0m.)

The Council itself has recognised revenue income of £4.078m (2020/21 £4.406m) from the BRP and expenditure of £3.954m (2020/21 £4.947m) to the BRP for the year.

## Group Accounts

### Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

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

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

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

The following pages include:

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

## Group Financial Statements

### The Group Comprehensive Income and Expenditure Account as at 31 March 2022

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

2020/21			2021/22		
Gross Exp £'000	Gross Income £'000	Net Exp £'000	Gross Exp £'000	Gross Income £'000	Net Exp £'000
417,307	(212,528)	204,779	454,856	(210,728)	244,128
240,082	(164,300)	75,782	238,121	(148,474)	89,647
297,632	(115,130)	182,502	244,831	(95,557)	149,274
104,341	(123,136)	(18,795)	115,959	(123,026)	(7,067)
212,076	(201,110)	10,966	228,498	(204,964)	23,534
9,860	(903)	8,957	6,692	(889)	5,803
<b>1,281,298</b>	<b>(817,107)</b>	<b>464,191</b>	<b>1,288,957</b>	<b>(783,638)</b>	<b>505,319</b>
	7,937				11,780
	9,097				(50,705)
	(473,173)				(454,781)
	<b>8,052</b>				<b>11,613</b>
	(150,901)				(243,430)
	112,632				(162,172)
	-				-
	(38,269)				(405,602)
	<b>(30,217)</b>				<b>(393,989)</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	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked	Sub Total - Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2020		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	(14,949)	1,653,805
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)	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)
Total Comprehensive Expenditure and Income		(30,208)	-	-	(30,208)	17,997	-	17,997	-	-	-	(12,211)	38,555	26,344	3,873	30,217
Adjustments between accounting basis and funding basis under regulations	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	3,873	30,217
Transfers to/(from) Earmarked Reserves	19	(123,543)	123,317	226	-	(651)	651	-	-	-	-	-	-	-		-
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	3,873	30,217
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	(11,077)	1,684,021

Movement in Reserves during 2021/22																
Surplus or (deficit) on the provision of services		(13,403)	-	-	(13,403)	(2,577)	-	(2,577)	-	-	-	(15,980)	-	(15,980)	56,751	40,770
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	-	407,486	407,486	(1,884)	405,602
Adjustments between group accounts and authority accounts		-	-	-	-	-	-	-	-	-	-	-	-	-	(52,382)	(52,383)
Total Comprehensive Expenditure and Income		(13,403)	-	-	(13,403)	(2,577)	-	(2,577)	-	-	-	(15,980)	407,486	391,506	2,485	393,989
Adjustments between accounting basis and funding basis under regulations	18	(31,385)	-	-	(31,385)	6,367	-	6,367	1,283	1,606	475	(21,654)	21,654	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(44,788)	-	-	(44,788)	3,789	-	3,789	1,283	1,606	475	(37,634)	429,140	391,506	2,485	393,989
Transfers to/(from) Earmarked Reserves	19	49,196	(47,272)	(1,924)	-	(4)	4	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2021/22		4,408	(47,272)	(1,924)	(44,788)	3,785	4	3,789	1,283	1,606	475	(37,634)	429,140	391,506	2,485	393,989
Balance at 31 March 2022 Carried Forward		40,074	173,435	5,604	219,113	101,576	655	102,231	79,775	12,902	3,555	417,575	1,669,030	2,086,605	(8,592)	2,078,010



## Group Consolidated Balance Sheet as at 31 March 2022

31-Mar-21 £'000		Note	31-Mar-22 £'000
2,827,555	Property, Plant & Equipment		3,055,966
207,406	Heritage Assets		215,256
20,573	Intangible Assets		14,991
275,903	Investment Property		356,640
38,678	Long Term Investments	G10	48,848
38,666	Long Term Debtors		34,627
<b>3,408,781</b>	<b>Long Term Assets</b>		<b>3,726,328</b>
64,983	Short Term Investments	G10	103,948
12,431	Inventories		26,998
148,071	Short Term Debtors	G3	171,569
148,308	Cash and Cash Equivalents		142,542
806	Assets held for sale		806
<b>374,599</b>	<b>Current assets</b>		<b>445,863</b>
(20,702)	Cash and Cash Equivalents		(19,709)
(4,966)	Short Term Borrowing	G10	(9,952)
(227,860)	Short Term Creditors	G4	(308,917)
(5,760)	Provisions		(2,849)
(44,448)	Capital grants received in advance		(71,814)
<b>(303,736)</b>	<b>Current liabilities</b>		<b>(413,241)</b>
(450,488)	Long Term Borrowing	G10	(445,488)
(26,277)	Provisions		(26,005)
(1,285,527)	Other Long Term Liabilities		(1,178,141)
(33,331)	Capital Grants Receipts in Advance		(31,306)
<b>(1,795,623)</b>	<b>Long-term liabilities</b>		<b>(1,680,940)</b>
<b>1,684,021</b>	<b>Net assets</b>		<b>2,078,010</b>
(451,769)	Usable Reserves		(422,437)
(1,232,252)	Unusable Reserves	G5	(1,655,573)
<b>(1,684,021)</b>	<b>Total reserves</b>		<b>(2,078,010)</b>

## Group Cash Flow Statement for the year ended 31 March 2022

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.

2020/21			2021/22
£'000		Note	£'000
(8,057)	Net surplus on the provision of services		(11,613)
143,977	Adjustment to net surplus on the provision of services for non-cash movements	G6	165,347
(83,538)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G6	(73,289)
52,382	Net cash flows from Operating Activities		80,445
20,396	Investing Activities	G7	(78,132)
(25,099)	Financing Activities	G8	(7,088)
47,679	Net increase (decrease) in Cash and Cash Equivalents		(4,774)
79,927	Cash and Cash Equivalents at the beginning of the reporting period		127,606
<b>127,606</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>122,832</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	In liquidation therefore no requirement to produce accounts. Not 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 2022 the Council has invested £37.153m in Bristol Holding Limited. This was made up of £36.550m ordinary shares and £603m cumulative redeemable preference shares.

### **Bristol Waste Company Limited**

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

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

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

## **Goram Homes Limited**

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

In September 2021, the Council approved Goram Homes joint venture plans for 268 new homes at Romney House, Lockleaze. The site was transferred during 2021/22 to Goram Homes joint venture in return for £12.9m of repayable loan notes. 147 homes (55%) will be affordable and managed by Bristol City Council.

## **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 39).

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

The Statement of Accounts was authorised for issue by the Director of Finance on 26 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 26 July 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## **Group financial position**

The closing net deficit balance of the group is £40.3m 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 £2.6m and gross expenditure of £3.9m associated outside of the group boundary.

## **Revenue from Contracts with Customers**

Further to a review of this area, the Group can confirm that there is no material contractual revenue income from customers to disclose. There is therefore nothing to disclose in relation to the introduction of IFRS 15-Revenues from Contracts with Customers.

## G2 Financing and Investment Income and Expenditure

	31 March 2022 £'000	31 March 2021 £'000
Interest payable and similar charges	27,402	36,671
Loss Allowance (Financial Guarantee Contracts)	-	(5,379)
Changes in the Fair Values of Financial Instruments*	325	(2,301)
Pensions net interest cost	23,171	22,523
Interest receivable and similar income	(7,058)	(9,282)
Income and expenditure in relation to Investment Properties	(11,696)	(10,569)
Changes in fair value of Investment Properties	(82,849)	(22,566)
<b>Total</b>	<b>(50,705)</b>	<b>9,097</b>

## G3 Current Debtors

	31 March 2022 £'000	31 March 2021 £'000
<b>Current debtors</b>		
Trade Receivables	34,443	24,836
Prepayments	12,340	4,677
VAT	11,462	9,632
Other	113,324	108,926
<b>Total</b>	<b>171,569</b>	<b>148,071</b>

## G4 Creditors

	31 March 2022 £'000	31 March 2021 £'000
<b>Current liabilities</b>		
Trade Payables	21,106	10,690
Other Payables	183,694	147,659
Receipts In Advance	104,117	69,511
<b>Total</b>	<b>308,917</b>	<b>227,860</b>

## G5 Unusable Reserves

	31 March 2022 £'000	31 March 2021 £'000
Revaluation Reserve	(1,199,657)	(987,171)
Capital Adjustment Account	(1,571,526)	(1,505,872)
Financial Instruments Adjustment Account	6,721	6,898
Deferred Capital Receipt Reserve	(12,851)	(1,448)
Pensions Reserve	1,037,796	1,144,014
Collection Fund Adjustment Account	49,186	87,935
Accumulated Absences Account	10,108	13,388
Dedicated Schools Grant Adjustment Account	24,650	10,004
	<b>(1,655,573)</b>	<b>(1,232,252)</b>

## G6 Cash Flow Statement

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

	2021/22 £'000	2020/21 £'000
Interest received	4,901	634
Interest paid	(33,870)	(34,003)
Dividends received	2,221	1,954

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

	2021/22 £'000	2020/21 £'000
Depreciation, impairment and downward revaluations	110,243	120,197
Amortisation	5,945	4,525
Increase/(decrease) in impairment for bad debt	1,317	2,131
(Decrease)/increase in creditors	74,700	12,827
(Increase)/decrease in debtors	(16,245)	(12,774)
(Increase)/decrease in inventories	(14,567)	(2,455)
Movement in pension liability	61,469	21,109
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	29,293	25,545
Other non-cash items charged to the net surplus or deficit		
On the provision of services	(86,808)	(27,128)
<b>Net cash flows from non-cash movements</b>	<b>165,347</b>	<b>143,977</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2021/22 £'000	2020/21 £'000
Any other items for which the cash effects are investing or financing cash flows	(43,957)	(41,934)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(29,332)	(41,604)
	<b>(73,289)</b>	<b>(83,538)</b>

## G7 Cash Flow Statement - Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(132,899)	(107,018)
Purchase of short-term and long-term investments	(183,000)	(294,800)
Other (payments)/receipts for investing activities	(1,710)	(4,410)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	15,635	40,291
Proceeds from short-term and long-term investments	144,000	318,600
Other receipts from investing activities	79,842	67,733
<b>Net cash flows from investing activities</b>	<b>(78,132)</b>	<b>20,396</b>

## G8 Cash flow Statement - Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short- and long-term borrowing	-	224
Cash payments for the reduction of outstanding liabilities relating to Finance leases and on-Balance Sheet PFI contracts	(9,017)	(8,809)
Repayments of short and long-term borrowing	(1,570)	(11,586)
Council tax and NNDR adjustments	3,500	(4,928)
<b>Net cash flows from financing activities</b>	<b>(7,088)</b>	<b>(25,099)</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.

2021/22				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
<b>Bristol Waste Company</b>							
Managing Director	Apr' 21 – Mar' 22			126,586	-	10,815	<b>137,401</b>
Finance Director	Apr' 21 – Mar' 22			114,827	-	13,563	<b>128,390</b>
<b>Goram Homes</b>							
Managing Director	Apr' 21 – Mar' 22			114,587	-	10,428	<b>125,015</b>
Finance Director	Apr' 21 – Mar' 22			56,231	-	5,623	<b>61,854</b>
<b>Bristol Holding Company</b>							
Executive Chair (CEO)	Apr' 21 – Oct' 21			43,334	-	9,063	<b>52,397</b>
Group Finance Director & Executive Lead	Apr' 21 – Mar' 22			130,900	-	-	<b>130,900</b>
<b>Bristol Heat Networks</b>							
Consulting Officer	Apr' 21 – Mar' 22	J Bungey		121,296	-	-	<b>121,296</b>

Note 1 - 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.



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

## 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 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(445,488)	(450,488)	(9,952)	(4,966)
Service Concessions	(107,884)	(114,670)	(6,786)	(6,803)
Creditors	(6,680)	(2,738)	(279,712)	(209,684)
<b>Financial Liabilities at Fair Value through profit and loss</b>				
Financial Derivative	-	-		(20,702)
<b>Total Financial Liabilities</b>	<b>(560,052)</b>	<b>(567,896)</b>	<b>(296,450)</b>	<b>(242,155)</b>
<b>Financial Assets at amortised cost</b>				
Investments	-	-	118,596	111,777
Debtors	8,394	800	107,685	96,008
<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	38,473	38,228	108,184	101,476
<b>Total Financial Assets</b>	<b>47,217</b>	<b>39,378</b>	<b>334,465</b>	<b>309,261</b>

### Movements

The net increase of financial assets and liabilities (circa £13m) 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

	31 March 2022 £'000	31 March 2021 £'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	285	102
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	8,251	3,251
- Banks and other monetary sector	1,137	1,334
- Energy Improvement Loans	259	259
- Local Bonds and Stocks	21	21
<b>Total</b>	<b>9,952</b>	<b>4,966</b>

	31 March 2022 £'000	31 March 2021 £'000
Non-current borrowing		
Public Works Loan Board	325,439	330,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
<b>Total</b>	<b>445,488</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 2021/22

	Financial Liabilities		Financial Assets		
	Measured at Amortised Cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(33,695)	-	-	-	(33,695)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,695)</b>
Interest Income		4,595		78	4,673
Fair Value Movement				(325)	(325)
Dividend Income				2,220	2,220
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>4,595</b>	<b>-</b>	<b>1,973</b>	<b>(27,127)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(33,695)</b>	<b>4,595</b>	<b>-</b>	<b>1,973</b>	<b>(27,127)</b>

# 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>-</b>	<b>-</b>	<b>-</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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(28,862)</b>	<b>4,754</b>	<b>-</b>	<b>4,501</b>	<b>(19,607)</b>

## 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 2022 using:			Fair value measurements at 31 March 2021 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	108,184	-	-	101,476	-	-
Bristol Port Company (Non- traded Unquoted Equity Investment)	-	-	28,000	-	-	29,000
Other Unquoted private companies	-	-	192	-	-	128
Pooled property fund	-	-	10,281	-	-	9,100
<b>Fair Value through Other Comprehensive Income</b>						
Other unquoted private companies	-	-	350	-	-	350
<b>Total Non-traded securities:</b>	<b>108,184</b>	<b>-</b>	<b>38,822</b>	<b>101,476</b>	<b>-</b>	<b>38,578</b>
<b>Investment properties</b>	<b>-</b>	<b>356,640</b>	<b>-</b>	<b>-</b>	<b>275,903</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>29,462</b>	<b>-</b>	<b>-</b>	<b>43,706</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>108,184</b>	<b>386,102</b>	<b>38,822</b>	<b>101,476</b>	<b>319,609</b>	<b>38,578</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	806	-	-	806	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>-</b>	<b>806</b>	<b>-</b>

<b>Valuation techniques and Inputs</b>				
<b>Description of asset</b>	<b>Valuation hierarchy</b>	<b>Basis of Valuation</b>	<b>Observable and Unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in note 22)	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 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 £1.7m higher or lower respectively.

Investments in other unquoted companies	Level 3	These investments have been valued at the Group's share of each company.	Calculations have been based on their latest audited accounts	The value of these companies are relatively low (£542k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Group's share within the pooled fund.	The valuation for Pooled Property Funds have been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £89k higher or lower respectively.

### Transfers between levels of the fair value hierarchy

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

### Changes in valuation technique

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

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

Description	31 March 2022	31 March 2021
	Non-traded securities	Non-traded securities
	£000	£000
Opening balance	38,578	36,450
included in the surplus/(deficit) on the Provision of Services	(361)	2,228
included in Other Comprehensive Income and Expenditure	-	-
<b>Total gains/(losses) for the period:</b>	<b>(361)</b>	<b>2,228</b>
Additions	831	100
Disposals	(225)	(200)
<b>Closing balance</b>	<b>38,822</b>	<b>38,578</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 (-£1m) and Homelessness Property fund (+£675k).



## 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 2022		31 March 2021	
	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	459,400	333,690	501,500
Lender Option Borrower Option	70,667	98,100	70,865	108,400
Market Debt	50,470	68,100	50,469	74,700
Current Creditors	286,299	286,299	212,328	212,328
Service Concessions	114,670	166,960	121,473	192,673
Other	707	707	524	524
<b>Total Liabilities</b>	<b>856,503</b>	<b>1,079,566</b>	<b>810,051</b>	<b>1,110,827</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 £1.238bn 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 2022) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	103,948	103,948	64,983	64,983
Cash and Cash Equivalents	14,648	14,648	46,794	46,794
Current Debtors	107,685	107,685	96,008	96,008
Non-current debtors	8,394	8,394	800	800
<b>Total Financial Assets</b>	<b>234,675</b>	<b>234,675</b>	<b>208,585</b>	<b>208,585</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 2022 using:			Fair value measurements at 31 March 2021 using:		
	Quoted prices in active markets Level 1 £000	Observable inputs Level 2 £000	Unobservable inputs Level 3 £000	Quoted prices in active markets Level 1 £000	Observable inputs Level 2 £000	Unobservabl e inputs 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			333,690	
Lender Option Borrower Options		70,667			70,865	
Market debt		50,470			50,469	
Service Concessions		116,985			123,621	
Other		707			524	
<b>Total</b>		<b>572,519</b>			<b>579,169</b>	
<b>Financial Assets held at amortised cost</b>						
Current Investments		103,948			64,983	
Cash and Cash Equivalents		14,648			46,794	
Non-current Investments		-			-	
Non-current Debtors		8,394			800	
<b>Total</b>		<b>126,990</b>			<b>112,577</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 15 February 2021 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 2022 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-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-21
<b>Current Investments:</b>					
Local Authorities	53,537	0.00%	0.00%	-	-
AA rated counterparties	15,076	0.02%	0.02%	3	3
A rated counterparties	49,983	0.05%	0.05%	30	18
Sub-total	<b>118,596</b>			<b>33</b>	<b>21</b>
<b>Trade debtors</b>	107,685			-	-
<b>Non-current debtors</b>	8,394			-	-
<b>Total Financial assets</b>	<b>234,675</b>			<b>33</b>	<b>21</b>

The estimated maximum exposure for credit loss for Treasury investments is £33k and a general allowance has been set aside for this.

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

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

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

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

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

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

Debtor analysis	Gross debtor at 31-Mar-22 £'000	Allowance for credit losses at 31-Mar-22 £'000	Net debtor at 31-Mar-22 £'000	Net debtor at 31-Mar-21 £'000
Local taxpayers	59,488	(37,635)	21,853	15,566
Housing rents	11,935	(8,934)	3,001	3,032
Other - sundry debtors	168,774	(35,047)	133,727	117,237
<b>Total Other Entities and Individuals</b>	<b>240,197</b>	<b>(81,616)</b>	<b>158,581</b>	<b>135,835</b>
Central Government bodies	10,970	-	10,970	10,561
Other local authorities	1,509	-	1,509	1,571
NHS bodies	509	-	509	160
<b>Total debtors</b>	<b>253,185</b>	<b>(81,616)</b>	<b>171,569</b>	<b>148,127</b>
<b>Balance sheet debtors</b>	<b>253,185</b>	<b>(81,616)</b>	<b>171,569</b>	<b>148,127</b>
Current debtors not qualifying as a financial instrument under IFRS	(101,520)	37,635	(63,885)	(52,119)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>151,665</b>	<b>(43,981)</b>	<b>107,684</b>	<b>96,008</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 2022 £'000	31 March 2021 £'000
Less than three months	35,342	30,047
Three to four months	2,240	1,759
Four months to one year	17,837	15,276
More than one year	50,514	46,848
<b>Total</b>	<b>105,932</b>	<b>93,930</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 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	334,465	288,559
Between 1 and 2 years	314	339
Between 2 and 3 years	301	324
More than 3 years	46,602	38,715
<b>Total</b>	<b>381,682</b>	<b>327,937</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	296,450	219,338
1 - 2 years	14,364	11,786
2 - 5 years	57,659	42,179
5 - 10 years	80,539	88,177
10+ years	407,490	425,754
<b>Total</b>	<b>856,502</b>	<b>787,234</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 2022 £'000	%	Actual 31 March 2021 £'000	%
Less than 1 year	-		30		9,952	2%	4,966	1%
Between 1 and 2 years	-		40		-	-%	5,000	1%
Between 2 and 5 years	-		40		32,000	7%	20,000	4%
Between 5 and 10 years	-		50		22,000	5%	34,000	7%
More Than 10 Years	25		100		391,488	86%	391,488	87%
<b>Total</b>					<b>455,441</b>	<b>100%</b>	<b>455,454</b>	<b>100%</b>

Included within the maturity profile are £70m of LOBOS with maturities averaging 39 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

### Market risk

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

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

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

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.



At 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2022 £'000
Increase in interest receivable on variable rate investments	2,429
Impact on Surplus or Deficit on the Provision of Services	2,429
Share of overall impact debited to the HRA	1,740
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	236,700

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

### Foreign exchange risk

During 2021/22 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.



# Draft Statement of Accounts

Bristol City Council,  
for the year ended  
31 March 2022  
(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 2021/22 (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 2021/22.

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

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

**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).

**INVENTORIES** – Goods that are acquired in advance of their use in providing services of their resale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

**RATEABLE VALUE** - The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic 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 2021/22 statement of accounts  
by the deputy mayor and portfolio holder for finance,



The 2021/22 financial year provided several challenges and opportunities unlike any year before it. Although the year began with the city still firmly in the grip of the global pandemic, over the course of 12 months, the collective effort of residents, agencies, businesses and volunteers across the city ensured that Bristol was firmly on a road of recovery and looking towards a brighter future.

Whilst the year presented several financial challenges associated with the pandemic and the emerging cost of living crisis, we have made significant progress on a number of our key priorities. Over £1bn was spent on local services and projects aimed at meeting the ambitions of our Corporate Strategy and the goals of the One City Plan. We have also laid foundations for major investments in social housing, sustainable heat networks and local transport networks – vital infrastructure that will deliver economic and social value for the city for generations to come.

## **This past year's highlights include:**

- Recording our strongest affordable home building statistics in over a decade. In total, 474 affordable homes were completed in 2021/22, with the majority of these delivered by housing associations with support from the council, alongside the delivery of council homes. Statistics from the past decade indicate a steady increase in affordable homes-built year-on-year, with figures doubling in the past four years.
- Agreeing a landmark £1.8 billion investment package to deliver over 2,000 new council homes for the city whilst undertaking more work to improve the energy efficiency and standards of existing homes.
- Negotiating a major £42 million government backing to deliver the city's Clean Air Zone, support communities with the transition and provide a range of schemes to encourage people to take up cleaner transport options.
- Investing in our voluntary sector with a £5.8m fund set up to provide grants for forty local organisations to support them in continuing the work they do in our communities.
- Approving a £500,000 investment in supporting foster carers to continue playing the incredible role they do in caring for and nurturing some of the city's most vulnerable young people.
- Completing work on the largest energy centre of its kind in England which will have the capacity at 3MW to supply low-cost, low-carbon heat to 2,500 homes. Bringing the total capacity of the network up to 19MW.
- Delivering work across the city centre aimed at improving the safety of women at night using £282,000 of Home Office funding to deliver training for venues aimed at stamping out sexual harassment and drink spiking.
- Directly supporting 185 new apprenticeships across council services that are supporting people at the early stages of their careers or into new work opportunities.
- Taking the next steps to delivering our One City ambitions for families by publishing the three-year Belonging Strategy for Children and Young People that sees partners across the city commit to helping every child have the best start in life.
- Publishing our ambitious vision for Western Harbour which includes proposals for housing, commercial and cultural developments, of which 50 percent of the accommodation will be affordable.

- Securing over £750,000 of government and Bristol Museums Development Trust funding to deliver vital infrastructure and maintenance works to ensure the much-loved Bristol Museum and Art Gallery remains open to welcome visitors for many more years to come.
- Taking the next steps towards the regeneration of Hengrove Park and tasking our housing delivery company, Goram Homes, with the job of delivering 1,400 new homes, at least half will be affordable social rent or shared ownership homes.
- Supporting low-income families during school holidays by delivering the £1.8 million Holiday Activity and Food Programme (HAF). The HAF programme, rebranded in Bristol as Your Holiday Hub supports local providers to deliver over 2,000 activities for people across the city. Activities, which include a free healthy meal are available for over 11,000 school age children in receipt of benefits related free school meals. during the Easter, summer and winter school holidays.
- Extended our fully funded Council Tax Reduction Scheme into its ninth year of supporting nearly 36,000 low-income households meet their council tax bill with plans put forward to continue that commitment for a tenth consecutive year.
- Delivered a balanced and legal budget that preserves plans to spend and invest over £1 billion on delivering critical services and a variety major improvement projects. This was achieved despite facing additional budget pressures of £14.7m associated with the pandemic and the ever-increasing costs of delivering services.

In a year unlike any we have experienced before, the dedication, energy and commitment of colleagues from across the council and our city partners has helped see us through the challenges we have faced. We remain determined to continue to build on the progress we have made this year to deliver the infrastructure and support communities need to grow and thrive.

Our financial performance remains strong, and we welcome the opportunity to reflect on the year gone by and look ahead with renewed energy and purpose. As we continue to respond to the lasting impacts of the pandemic, Brexit and the cost of living crisis we remain focussed on ensuring that we deliver value for money for tax-payers and ensure our financial position is sufficiently robust to meet the challenges we face.

**Councillor Craig Cheney**

*Deputy Mayor – City Economy Finance and Performance*



# 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.

Welcome to our Narrative Report which aims to demonstrate a clear link between our resources, our strategy and our performance in a transparent and accessible way. It shows how we've helped deliver intended outcomes and created value throughout 2021/22, and how we are planning ahead to respond as effectively as possible to future challenges.

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

The city has a growing global reputation and has been recognised for its efforts across many different sectors. The city is a UNESCO City of Film as well as a UNESCO Learning City. Bristol has been awarded a prestigious A List rating from not-for-profit charity, CDP, in recognition of our efforts to tackle the climate crisis, and our One City Approach has been held up by the European Commission as a world class initiative to tackle urban challenges.

Despite Bristol's ongoing recovery from the COVID-19 pandemic, a number of challenges continue to impact the city and its population:

- The housing crisis persists, and efforts continue to be made to deliver much needed housing to meet the needs of the 16,000 people on the council's housing register and over 1,000 people in temporary accommodation. To address this the council is investing over £1.8 billion in delivering a housing business plan and supporting projects across the city to deliver new housing and working with regional partners to develop plans to allocate land for house building in the future
- The twin challenges of the climate and ecology crises are being met through working together as a city to meet the goals of the One City Plan. The plan sets out annual goals to meet to the year 2050 that would see the city become carbon neutral and climate resilient by 2030. These plans will also see large areas of the city protected and improved for wildlife to encourage bio-diversity and halt the decline in species seen in recent decades.
- The city continues to prioritise the needs of the most vulnerable and has undertaken significant efforts to ensure support is available. From continuing financial support for low-income families, delivering free school meals for families, working across sectors to promote food sustainability and publishing the Bristol Belonging Strategy to give children the best possible start in life. Despite these challenges Bristol is still a city of hope and ambition.

# Our Services 2021/22

The following core services are provided by the council:

## Core Services:

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

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

### Growth & Regeneration:

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

## Resources:

### Provides internal support services including:

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

## Ring-fenced Accounts:

### Housing Revenue Account:

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

### Dedicated Schools Grant:

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

### Public Health:

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

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

## Our Leadership and Workforce:

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

- **Mayor, Marvin Rees**, elected mayor for Bristol, with city council responsibilities that include ultimate responsibility for all major policy decisions, setting the vision and direction of the council; and making 'executive' decisions within the budget and policy framework set by Full Council.
- **Our workforce** - Overall, our workforce comprises 7,301 'full time equivalent' employees. Of this total, 1,684 are employed within our locally maintained schools.

# Our Services 2021/22

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- **The One City Plan** - The One City Approach brings together a wide range of public, private, and third sector partners within Bristol. They share an aim to make Bristol a fair, healthy and sustainable city. The One City Plan describes where we want to be by 2050, and how city partners will work together.
- **Governance** - We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, intelligent and open decision making, and accountability and transparency.
- We have set out our governance standards in our Code of Corporate Governance, which explains how the vision and values of the organisation are at the heart of the Council's approach to governance. The CIPFA Financial Management code sets the professional standard for good and sustainable financial management to which local authorities must comply.
- Our Annual Governance Statement reviews the extent to which we have met the standards in both codes, and describes the progress made throughout the year in addressing our key governance challenges and areas for further improvement action.

# Our Performance

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

## Key facts: Communities & living



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

**74%** of residents are satisfied with their local area as a place to live. (2021 Bristol Quality of Life survey) (**80%** 2020/21)



**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



Over **3,800** affordable homes built in Bristol since 2006

**1,589**

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



Nearly **3,500** student units have been completed between 2006 and 2021

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.



**26** people sleeping rough in a single night in Bristol compared with **50** in November 2020. (National annual count - January 2022)

## Key facts:

### Adult Social Care

**3,995**

adults received a community-based social care support during 2021/22



a further **1,858** care home places were funded



# Our performance

## Key facts: Culture & Creativity

**32%** participate  
in cultural activities at  
least once a month  
(**33%** 2020/21)



## Key facts: Education

**81.3%**



rated as Good or Better for overall  
effectiveness by OFSTED (March 2022)  
(**78.9%** March 2021)

## Key facts: Transport and sustainability

Number of people  
who ride a bike  
at least  
weekly **27%**  
(**28%** 2020/21)



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



**83kg** of waste per  
household was  
landfilled in 2021/22  
compared with **122.5kg** in 2020/21



**44%** of all  
household waste was  
sent for reuse, recycling  
and composting in 2021/22  
(**45%** 2020/21)

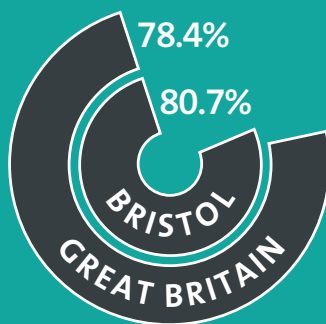


Citywide CO2 emissions  
have decreased by  
**43%**  
(2005-2019)



## Key facts: Economy & employment

263,000 working age  
residents were in  
employment in  
December 2021.



### Average earnings



(**£31,900** in 2020)

# 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 2021/22.

## Revenue Financial Summary 2021/22

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

The net General Fund outturn expenditure is £423.4m which compared to the original budget agreed by Council in February 2021 of £424.4m gives an in-year underspend of £1.0m after utilisation of Covid funding and other drawdowns from earmarked reserves. This was largely driven by the improved income in Adult Social Care from the CCG and NHS.

The impact of the Covid-19 pandemic and resulting lockdowns has continued to have a significant impact on the financial position of the Council in 2021/22. Throughout the year the financial impact on the Council caused by Covid-19 resulting in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income. There was a wide variety of additional funding that was provided by Central Government to support Councils in addressing the additional need relating to Covid-19 both in 2020/21 (of which various amounts were able to be carried forward and utilised in 2021/22) and amounts allocated in 2021/22.

The Council's assessed pressure from lost income, undeliverable Covid-19 related savings and from additional service expenditure associated to Covid-19 equates to £56.6m

for 2021/22 (this compares to £74.7m in 2020/21). This additional expenditure is fully met by the range of Covid-19 grants received during the year, totalling £35.7m and the utilisation of amounts carried forward from 2020/21. This leaves a further £10.1m to be carried forward to meet further pressures.

This improved outturn position means that our finances are better placed to meet the ongoing challenges over the medium term, ensures the continued delivery of organisational priorities, and provides for increasing financial resilience in 2022/23 and beyond. The retention of an appropriate level of general reserves is essential in order to mitigate financial risk (including future funding uncertainties and expenditure pressures caused by high inflation and changes in social care legislation) and is a key indicator of sound financial governance.

The gross cost of services during the year was £1.285bn (£1.243bn 2020/21). 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 £504.1 m (£470.1m in 2020/21).

A reconciliation between the £423.4m outturn against the £504.1m net cost of service is shown in the following table.

# Financial performance

## EFA table

	Outturn agreed by Cabinet  £'000	Adjustments to Outturn				Net cost of service  £'000
		(Note 1) £'000	(Note 2) £'000	(Note 3) £'000	(Note 4) £'000	
People	242,726	(19,578)	13,331	7,648		<b>244,127</b>
Resources	69,827	(10)	11,215	8,037		<b>89,068</b>
Growth and Regeneration	67,573	9,186	62,658	9,171		<b>148,588</b>
Housing Revenue Account (Note 5)	(3,785)	(9,655)	1,710	4,664		<b>(7,066)</b>
Dedicated Schools Grant	14,647	1,109	0	7,778		<b>23,534</b>
Corporate Funding and Expenditure	32,395	(18,063)	16,348	(5,153)	(19,724)	<b>5,803</b>
	<b>423,383</b>	<b>(37,012)</b>	<b>105,262</b>	<b>32,145</b>	<b>(19,724)</b>	<b>504,054</b>

Note 1: Removal of interest receivable & paid and reserve adjustments to Corporate Funding & Expenditure

Note 2: Capital adjustments for depreciation, impairment, revaluations and capital financing

Note 3: Pension adjustments

Note 4: Reserve movement for the DSG and adjustments to the collection fund

Note 5: The surplus on the HRA is transferred to reserves for future re-investment in the HRA

# Financial performance

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## Sources of Funding

During 2021/22 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 £181.9m of business rates of which £156.3m (net of reliefs) is retained in year by the Council. This is also net of the tariff of £84.5m 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 £283.3m of Council Tax (on behalf of Avon and Somerset Police and Crime Commissioner, Avon Fire Authority, and itself), of which £236.2m 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 £29.7m 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 reduced overall by £37.6m. This is largely because of the utilisation of Covid related funding received in 2020/21 but required for use in 2021/22. This includes the use of £83.1m of grant funding 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. Similarly, £29.7m of grant funding has been carried forward to offset collection fund losses in 2022/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2021/22 are charged to the General Fund in future years. Further Covid funding of £10m, received in 2021/22 has also been carried forward to manage the pandemic over the medium term and meet future commitments and ongoing loss of income..

Other significant contributions to reserves during 2021/22 include:

- Housing Revenue Account (HRA), additional contribution of £5.4m largely from £3.8m underspend on the HRA and £1.6m net contribution to the major repairs reserve
- Capital Investment Reserve of £6m.
- S256 Healthier Together Funding for Integrated Care of £28.5m
- General Fund reserve increased by £4.4m following settlement of pay awards and release of retained fund.

# Financial performance

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## Dedicated Schools Grant

At the end of 2021/22 the deficit on the Dedicated Schools Grant (DSG) adjustment account has increased to over £24.6m, 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 and Early Years' SEN budget where an in-year overspend of £0.499m was recorded in Early Years' SEN panel expenditure which is reflected in the overall £0.149m reduction in the end of year cumulative position of the Early Years' block to £0.472m underspend, from £0.621m brought forward balance at the start of the year.

The main areas of need, driving the overspend in the High Needs Block continue to be top-ups, which have seen an increase of 10% in number of children and young people with an Educational Health Care (EHC) plan at January 2022. Number of live cases increased by 25.6% (461 cases at the end of 2021 compared to 367 cases at the end of 2020) and an increased proportion of children with higher banding due to complexity of needs. Nationally the pressures in this area have been recognised by government and an increase in funding (of £9.848m) has been announced for 2022/23.

The additional funding allocation for 2022/23 recognises the pressure nationally but is still not sufficient to meet any increase in need or to tackle the historic deficit. The high level strategy for dealing with the funding pressures in the High Needs Block, continues to be:

- Transforming the High Needs service through the Education Transformation Programme via stakeholder engagement and public consultation; and
- 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).

High Needs block overall spend in 2021/22 was £83.78m (excluding £1.472m on Transformation Project). The budget for 2022/23 has been set, with the High Needs Block having a total budget of £78.214m which is £5.566m less than 2021/22 total expenditure.

The DSG is a ring-fenced budget and regulations state that it cannot be subsidised by the General Fund, so must balance in the longer term. The transfer of 0.5% (approximately £1.5m) from the Schools Block to fund the Education Transformation Programme for another year to enable further work on DSG improvements plans in order to achieve a balanced in-year position and deliver DSG within a sustainable envelope in the long term.

In addition to the DSG deficit 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 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 needing support in 2022/23.

Councils with an overall deficit on their DSG account at the end of a financial year must be able to present a plan to the Department for Education 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 implemented a template with a focus on High Needs, to help local authorities manage their DSG and Bristol is using this template.

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.



# Financial performance

**Schools Reserves** – Individual Schools Balances at the end of March 2022, overall school's revenue balances have decreased by £2.103m from £6.361m to £4.258m.

## 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 £3.8m
- The Council manages 26,861 homes
- The Council collected £112.5m in dwelling rent in 2021/22 (£113.8m in 2020/21)
- The Council spent £39.4m in 2021/22 (£39m in 2020/21) on new builds and improvement to existing housing stock.

## Capital Investment

Capital expenditure forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspiration to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial stability. Overall, the Capital

Programme for 2021/22 was originally set at £321.4m. Capital spending (including revenue expenditure allowed to be funded by capital) during the year totalled £167.3m. An analysis of capital investment by directorate and sources of capital funding are shown in the table below. The Capital Programme was financed from a combination of borrowing (£42.6m) and from grants, contributions, and reserves (£124.7m).

Approved Budget Council £m	Directorate	Revised Budget £m	Outturn £m	Outturn Variance £m	Variance from budget %
31.4	People	19.7	20.3	0.60	(3)
8.3	Resources	5.9	5.5	(0.40)	7
159.1	Growth and Regeneration	124.2	102.1	(22.1)	18
12.0	Corporate	1.3	0	(1.3)	-
110.6	Housing Revenue Account	52.6	39.4	(13.2)	25
<b>321.4</b>	<b>Total</b>	<b>203.7</b>	<b>167.3</b>	<b>(36.4)</b>	<b>18</b>

*Financed by:*

76.9	Prudential Borrowing	45.2
106.0	Capital Grants	72.9
26.8	Capital Receipts	7.2
110.6	HRA	39.4
1.1	Revenue Contributions	2.6
<b>321.4</b>	<b>Total</b>	<b>167.3</b>

# Financial performance

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## The major areas of investment have included:

- £39.4m invested in the Council's housing stock (of which £21m was on new build developments).
- £30.3m invested in a significant refurbishment programme of the Bristol music venue, Bristol Beacon.
- £24.9m invested in transport schemes including Streetspace improvements, Electric charge points, Flood defences, Carpark buildings, Clean Air Zone, Bus Deal Programme, Traffic infrastructure, Street Lighting and Highways maintenance.
- £17.7m invested in school buildings to provide additional pupil capacity to meet increased demand, the main spend incurred on Trinity Academy, KnowleDGE 6th form, Perry Court Academy and Special Education Needs and Disability (SEND) expansion programme.
- £17.6m invested in Energy renewables and the Heat Networks Programmes at Temple and Bedminster.
- £7m invested in housing enabling work to accelerate the affordable provision including Airport Road development, Hengrove, Lockleaze and Southmead regeneration programmes.
- £4.7m 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.
- £3.8m invested in Waste Depot facilities.
- £3.6m invested in housing adaptations and assistance programme.
- £3.1m invested in the Hawkfield Business Park development and Bottleyard Studios.
- £2.4m invested in the Adult Social Care (residential), Better Lives at Home transformation programme.

The Council holds £3.31bn of fixed assets, comprising £2.759bn of operational assets for delivering services, £207m of Heritage Assets for cultural benefit and £344m of non-operational assets.

# 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 delivered rather than for yield.

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 remained on-going during 2021/22.

In September 2021 the Council approved Goram Homes joint venture plans for 268 new homes at Romney House, Lockleaze. The site was transferred during 2021/22 to Goram Homes joint venture in return for £12.9m of repayable loan notes. 147 homes (55%) will be affordable and managed by Bristol City Council.

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. These totaled £27.6m and were in line with business plans and investment reports approved by Cabinet.

## Transactions with Council Owned Subsidiaries

### Bristol Heat Networks

A loan facility of up to £12.7m is in place to Bristol Heat Networks related to the Heat Network Investment Project (HNIP), assets Old Market and Redcliffe Phase 2, with £0.3m drawn down during 2021/22.

### Goram Homes

Two working capital loans have been agreed for Goram Homes, one of £3.3m for pipeline activities 1 of which £2m has been drawn down as of 31 March 2022 and further \ facility of £4m (pipeline 2) of which Goram has not drawn down yet. In addition, the

Council also holds £12.9m repayable loan notes representing its transfer of the Romney site in Lockleaze, Bristol to Goram Home's Joint Venture for the development of that same site.

### Bristol Waste

A loan facility is in place to Bristol Waste for fleet vehicles replacement of £12.7m, of which £11.3m has been drawn down. £8.4m plus interest remains outstanding as at 31 March 2022). A further loan of £2.8m has been entered in to for Phase 2 of the Avonmouth site redevelopment.

### BE 2020

The Council invested £36.5m in Bristol Energy Limited between the period 2015/16 when it was agreed to be established and 2019/20 financial years. 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. During 2020/21 this investment was written down to zero in the Council's accounts.

Following the sale of Bristol Energy in 2020 a process began of entering the successor company, BE 2020 Limited into a Members voluntary liquidation. The Council granted a Parent Company Guarantee (PCG) (£3.9m) and an overarching indemnity of up to £7.3m to cover all liabilities which may fall due as a consequence of the sale and orderly winding up of BE 2020 as at 31 March 2022, a total of £5.47m (net of income received from BE 2020) had been drawn down against this indemnity of which £3.75m was attributed to 2021/22.

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).



# Financial performance

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## The City Leap Partnership and Bristol Heat Networks Ltd (BHNL)

In April 2022, Cabinet noted the appointment of Ameresco Limited, with Vattenfall Heat UK Limited as an essential Sub Contractor, as the City Leap Preferred Bidder; and approved the principle of the establishment of City Leap Energy Partnership Limited as a 50/50 joint venture between the Council and Ameresco Limited.

The arrangement is intended to be for a 20-year period with the aim of delivering up to £1bn of inward investments in low carbon energy to support the aim of Bristol becoming a carbon neutral city by 2030. The council will grant access to its estate to deliver low carbon energy infrastructure and facilitate delivery in the wider city, including with existing community energy groups and networks. The Partner will contribute capital funding, capacity and expertise in the delivery of low carbon energy infrastructure projects.

The transition phase of City Leap has commenced, which include the proposed transfer of the heat network and its assets from the Council to Bristol Heat Networks Limited (BHNL), a wholly owned company of the Council and the subsequent sale of BHNL to the Strategic Partner.

Subject to approval the Heat Network Assets to be transferred comprise of HNIP (Old Market, Redcliffe Phase 2, Bedminster and Temple Networks) and Non HNIP funded assets (comprising completed Phase 1 Temple & Redcliffe Networks, including a small portfolio of HRA owned assets at Broughton House).

The precise value of the HNA to be transferred into BHNL is expected to be at the recorded book value less associated grant funding received by the Council, circa. £20.4m (30 June 2022). The assets are in part, still under construction, any additional costs incurred to the transfer date will be included in the transfer price to BHNL.

The current loan facility agreed by the Council is £12.7m. To date, only £300k has been utilised as a working capital facility. Based on the current

projected cash flows, and assuming a transaction date in Q4 2022, additional lending would amount to a minimum of £11.1m (£23.8m) allowing some headroom for unforeseen delays and/or SDLT liabilities crystallise & become due.

The above is a post balance sheet event and further details will be provided as the transactions conclude and the accounts are finalised.

## Treasury Management

The 2021–2026 Treasury Strategy identified a medium term net borrowing requirement of £260m 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 (£237m at March 2022). 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 £213m at the end of the year. The average level of treasury funds available for investment purposes during the year was £242m. The return for the period was 0.13% compared to the recognised benchmark of -0.04% LIBID (7 day London Interbank Bid Rate average for period).

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

# Financial performance

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## Pensions

Equity markets were strong in 2021/22 as the impact of COVID-19 restrictions on economy activity abated. In contrast bond markets fell initially due to central banks raising interest rates to dampen the inflation emerging as economic growth recovered. As the year closed, inflation increased sharply driven by oil, gas and commodity prices as a result of the conflict in Ukraine.

The combination of high inflation and lower growth will be a challenge to many pension schemes over the next 2-3 years and if persistent for longer, it could present 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 2022 is £1.026bn. This represents the value of what the Council owes across future years offset by the value of assets invested in the pension fund. The deficit on the Pension Fund fell by £249m over the last year, this was mainly due to a rise in yields from corporate bonds due to a combination of higher interest rates and concerns of inflation, partially offset by a rise in benefit values which are indexed to inflation.

The current funding level at 31 March 2022 is an estimated 100% based on the 2019 funding plans.

## Contingencies

The Council has set aside a provision of £25.2m 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 Council saw a marked increase in successful appeals during 2021/22 so has maintained the provision at 2020/21 levels. There were approximately 267 appeals outstanding as at 31 March 2022.

## Budget for 2022/23 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 March 2022 the Council agreed a balanced budget for 2022/23. This included a net revenue budget for 2022/23 of £431.1 m but also a ten-year capital programme totalling £1,906.1m 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.

Whilst the Council, like many others across the country, remains subject to financial challenges in its funding, it has prioritised the revenue resources available to fund key services such as social care, sought to protect the most vulnerable, and to invest in our city infrastructure during these uncertain times, to build confidence and to facilitate a sustainable future.

The on-going economic uncertainty has led to the government only providing a single year financial settlement for local authorities and retaining commitment to return to multi-year spending reviews when appropriate. This continues to hamper financial planning and financial sustainability.

# Financial performance

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Given these uncertainties 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 ongoing uncertainty in relation to the pandemic, and its impact on economic recovery, ongoing demand, and cost of social care for both Adults and Children and families, the delivery of Special Education Needs and Disability (SEND), homelessness, the achievement of the Council's current and future year's budget savings in both their timing and income target and the potential risk of 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 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 2021/22 include delivery of the Council's capital programme, provision of enough affordable homes to meet the City's needs, safeguarding vulnerable children and delivering suitable planning measures to respond to emergencies as they occur.

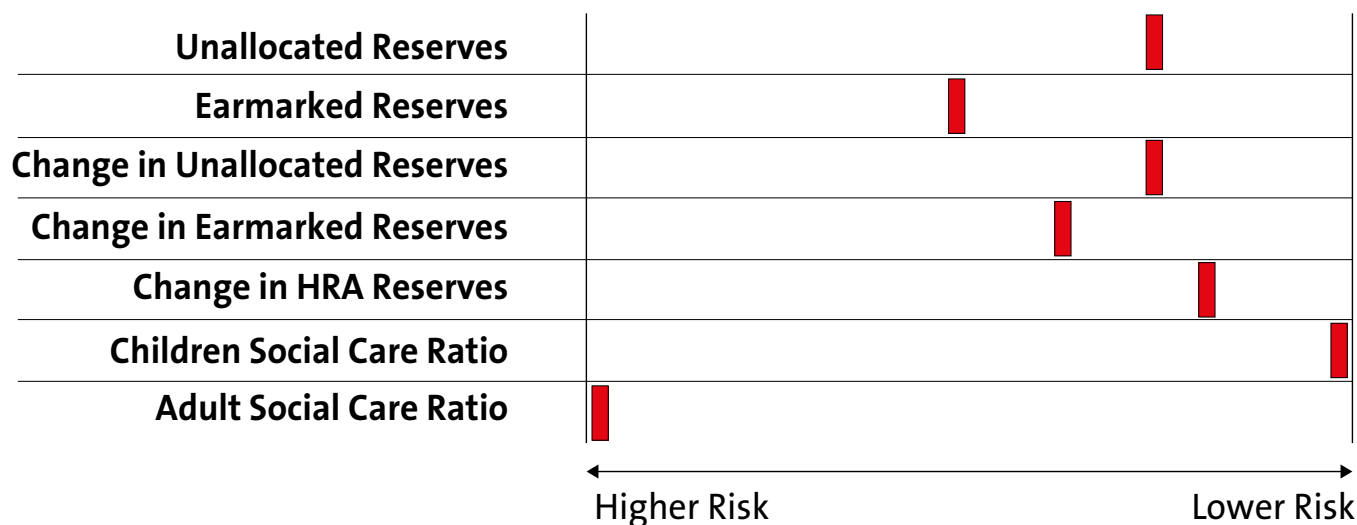
All risks are monitored, and the Audit Committee receives updates on risks and their management actions on a quarterly basis. The last Corporate Risks Register went to Audit Committee on the 26 July 2022, details of which can be found on the Councils Internet page (Public Pack)Agenda Document for Audit Committee,

## 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's 2020/21 index data. 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.

# Financial performance

## 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 and have been prepared in accordance with the proper accounting practices primarily comprising the Code of Practice on Local Authority Accounting and the International Financial Reporting Standards. The Statement of Accounts have been prepared on a 'going concern' basis.

### 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).

# Financial performance

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## 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, Goram Homes Limited and Bristol Heat Networks Limited. Full details of the relationship can be found in the Group Accounts section of the Statement.

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

## The Supplementary Financial Statements are:

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

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

The Notes to these financial statements provide more detail about the Council’s accounting policies and individual transactions. Our Annual Governance Statement sets out the governance structure of the Council. It summarises the outcome of our review of the Governance Framework that has been in place during 2021/22 and our system of internal control, which is a critical component of our overall governance arrangements.

**Denise Murray**

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

# Statement of Responsibilities

## The Authority's Responsibilities

The Council is required to:

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

## The Director of Finance Responsibilities

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

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

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

The Director of Finance has also:

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

## Certificate of the Director of Finance

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance and cash flows of Bristol City Council for the period ending 31 March 2022.

***Denise Murray***

Denise Murray  
Director of Finance (Section 151 Officer)  
26 July 2022

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



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# ***ANNUAL GOVERNANCE STATEMENT***

## ***2021/22***

***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 2021/22 and up to the date it is signed (the final version will be signed on the date the Council's financial statements are approved as final). It also meets the requirements of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS in accordance with proper practice in relation to internal control.
- 1.5 We also have a duty to continually review and improve the way we work. In demonstrating compliance with the Code, we have also reflected on the governance improvements we have made during the year.

## 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 The Covid-19 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. The Council recognises that these risks, particularly the significant financial impact, and the long-term effect on the level of resources available to the Council. In response, the Council has changed the way it delivers services and continues to strive to develop and implement new service delivery models that meet the needs of Bristol residents. In addition, other global and national developments such as the Russia-Ukraine War and Brexit have created significant risks that have altered the organisation's risk landscape. The Council is using its Risk Management Policy to effectively manage these and other significant risks while supporting innovation and maximising opportunities.

- 2.3 In May 2022 a referendum on the governance arrangements for the Council was held. The results of that referendum will see significant changes to our current governance structure from 2024 onwards. The Council is now starting to prepare for a move from an Elected Mayor and Cabinet model of governance and decision making to a system of one or more Committees made up of elected councillors making decisions.
- 2.4 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 2021/22 the Council's systems of internal control, governance and risk management were adequate and operating effectively albeit with improvement needed in certain areas. The Council will continue to prioritise areas identified as requiring further improvement to ensure our arrangements remain fit for purpose and resilient moving forward.
- 2.5 The significant governance issues identified as part of this review and the actions being taken to address them are detailed in section 7.

 <b>Signed:</b> <b>Date: 27 July 2022</b> <b>Marvin Rees - Elected Mayor of Bristol</b>	 <b>Signed:</b> <b>Date: 27 July 2022</b> <b>Mike Jackson – Head of Paid Service</b>
 <b>Signed:</b> <b>Date: 28 July 2022</b> <b>Denise Murray – Chief Finance Officer (s151 Officer)</b>	 <b>Signed:</b> <b>Date: 28 July 2022</b> <b>Tim O'Gara – Monitoring Officer</b>

### 3. Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 3.2 The approach to governance takes account of the environment in which the Council now operates; its aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 3.3 The Council's constitution is updated periodically and sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees, and community councils. Decision-making powers not reserved for the Mayor and / or councillors are delegated to chief officers and heads of service.

The Monitoring Officer ensures that all decisions made are legal and supports the audit and value and ethics committees in promoting high standards of conduct amongst members.

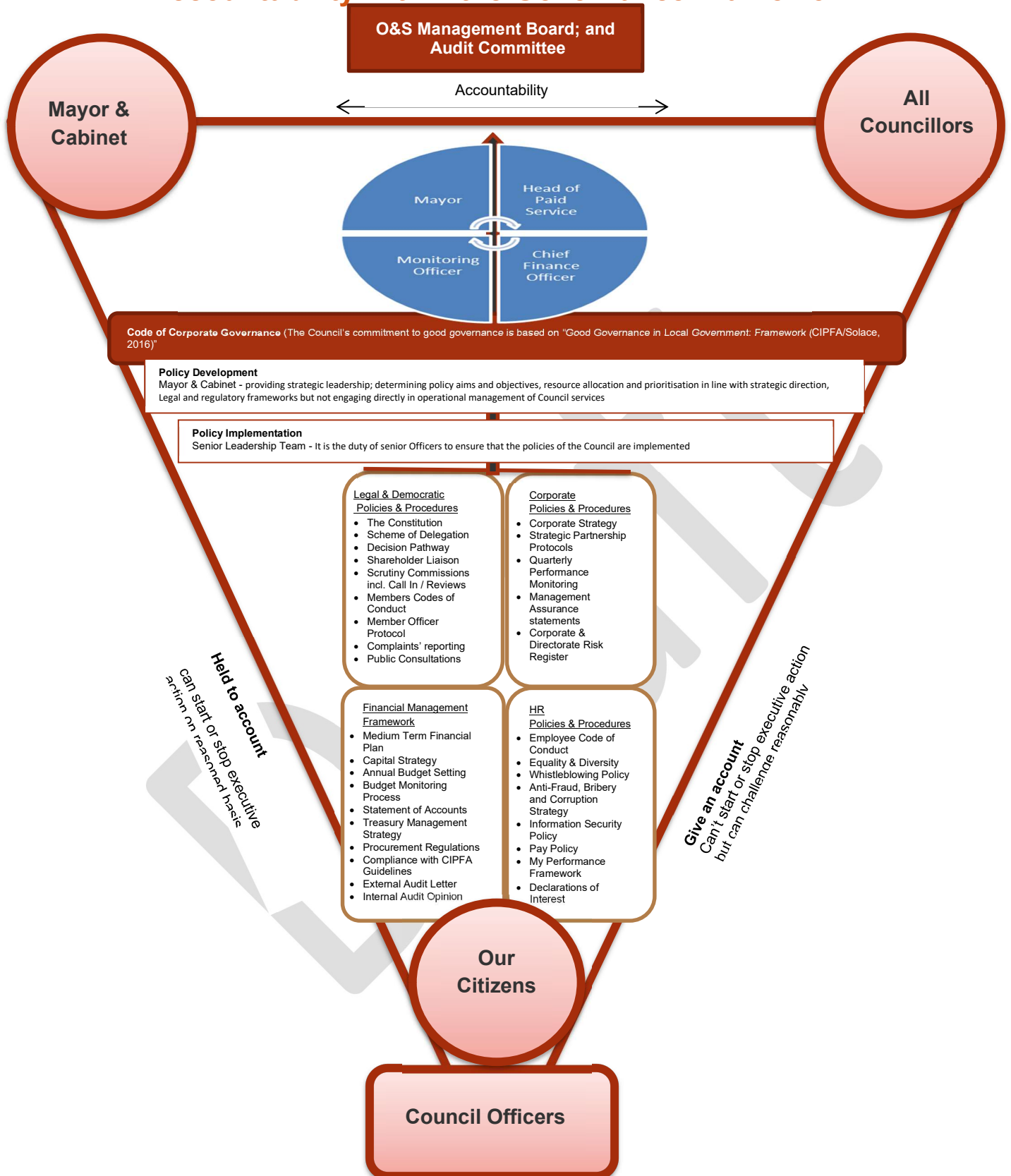
- 3.4 All Members have an important role to play in representing their constituents, as well as acting together as the Council. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member. Members and Officers should work in an atmosphere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

#### Committees and Boards:

Scrutiny Commissions	Regulatory Committees:	Other Committees:	Partnership Boards:
<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, 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 2021/22:

Core Principle	Governance in Action (2021/22)
A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<p>The Council's <b>Constitution</b> sets out the legal framework for decision making and professional legal advice is taken to support decision making across all executive and non-executive functions, including where appropriate external legal advice. The Monitoring Officer has oversight of decisions through the <b>Decision Pathway</b> and the legal service is consulted on the legal implications of all reports to ensure compliance with all relevant laws and regulations. The Monitoring Officer has confirmed that all decisions have been made in accordance with the relevant policy framework.</p> <p>The Council's Corporate Strategy sets out the <b>values and behaviours</b> it expects from its employees. Managers are required to review performance against the values and behaviours as part of the individual performance management framework. Assurances from line managers have confirmed a good level of compliance with this.</p> <p><b>Codes of conduct</b> 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 where there are conflicts. Assurances from line managers have confirmed a good level of compliance in terms of staff conduct. Minutes of meetings record declarations of interests by Councillors.</p> <p>The Council developed and implemented a comprehensive <b>Member Induction Programme</b> following the May 2021 local elections. The Member Induction Programme covered ethical standards, obligations under the Member Code of Conduct as well as a range of other development modules, such as safeguarding, health and safety and equalities. This Programme has achieved the highest level of accreditation from South West Councils. The Monitoring Officer has confirmed that there have been no reports or investigations in respect of Members conduct in 2021/22.</p> <p>Re-certification of our <b>Environmental Management systems (ISO 14001)</b> was achieved during 2021/22</p> <p><b>Focus of future improvement:</b> Consistent and effective management of potential conflicts of interest.</p>
B. Ensuring openness and comprehensive stakeholder engagement	<p>Our <b>Communications Strategy 2019/2023</b> 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.</p> <p>The council has engaged comprehensively with partners during 2021/22, including regular city partner meetings in relation to <b>Covid-19</b>. These include the Local Engagement Board, the BNSSG Local Outbreak and Management group, the Health Protection Advisory Committee, the Health and Wellbeing Board, and Healthier Together Executive.</p>

	<p>Partnership working in <b>One City Boards</b> was refreshed, including reviews of Terms of Reference and an open expressions of interest process for people to apply to sit on the boards. Actions to formally establish a One City Governance Board and to identify more opportunities for pro-active engagement with Scrutiny on BCC-related elements of the system will continue in to 2022/23.</p> <p>The council engaged widely with stakeholders in producing key strategic documents, including the <b>Economic Recovery and Renewal Strategy</b>, and the refresh of the council's overarching <b>Corporate Strategy</b>. This latter strategy benefitted from extensive engagement including a cross-party Scrutiny Task and Finish Group, partner workshops with organisational strategy leads, input from Mayoral Commissions, the Citizens' Assembly and more. It was also subject to formal public consultation and Scrutiny.</p> <p>The Council's <b>budget process</b> included a Scrutiny task and finish group and was subject to formal public consultation and Scrutiny.</p> <p>During the year, the refreshed <b>Partnerships Policy</b> was launched and set out clear requirements of formal partnership arrangements. This was presented at multiple management forums and a process was established for senior managers to review the council's partnerships and collaborations register via Executive Director Meetings. Management assurances provided in this area confirmed a good level of compliance with requirements to ensure the benefits of partnership working are clear and that governance and accountability between partners is clear.</p> <p><b>Focus of future improvement:</b> Establishing a One City Governance Board and scrutiny engagement in BCC elements of One City, including OSMB update.</p>
C. Defining outcomes in terms of sustainable economic, social and environmental benefits	<p>During 2021/22 significant work was undertaken to review and define strategic objectives and outcomes related to sustainable economic, social and environmental benefits. This included the updating of the council's medium term <b>Corporate Strategy 2022-27</b> and an aligned review of the <b>Medium-Term Financial Plan</b>.</p> <p>Work was undertaken council-wide to action plan against cross-cutting Corporate Strategy principles around inclusion, sustainability and resilience; and this in turn helped inform service-level planning through a council-wide <b>Service and Business Planning process for 2022/23</b>.</p> <p>Significant work was also undertaken to plan actions against the city-wide <b>One City Economic Recovery and Renewal Strategy, One City Climate Strategy and One City Ecological Emergency Strategy</b>, delivered in part by the City Council alongside a wide range of city partners. A new Strategic Climate and Ecological Emergency Board has been established to improve governance over action delivery</p> <p>Further work was also undertaken at a tactical and operational policy level to embed sustainability, inclusion and environmental considerations in business processes, including the development of a <b>Sustainable Procurement Policy and an Ethical and Sustainable Investment Policy</b>.</p> <p><b>Focus of future improvement:</b> Strengthening governance and monitoring of activities that contribute to carbon reduction ambitions.</p>
D. Determining the interventions	<p>The single council-wide <b>Business Plan</b> - populated with selected content from departmental Service Plans - is approved by CLB and its development included</p>



<p>necessary to optimise the achievement of the intended outcomes</p>	<p>cross-party scrutiny engagement. It articulates key interventions and actions required to deliver Corporate Strategy priorities within the coming business year. This system creates a clear, auditable link from high-level strategic priorities through to tactical and operational delivery, down to individual staff objectives.</p> <p>A council-wide systematic <b>Service and Business Planning process</b> has been undertaken, with sign-off of departmental level plans by Directors and Cabinet Members; and Divisional Summaries approved by Executive Directors and Cabinet Members. The Policy and Strategy Team confirm a good level of compliance with this requirement</p> <p>Delivery of priorities is supported by an <b>outcomes-focused performance framework</b>, using a mixture of quantitative and qualitative measures and methodologies to provide a rounded view of delivery against intended objectives. There is full visibility of this across officer management, member scrutiny and political leaderships forums, enabling Public Forum and both formal and informal scrutiny. Quarter 4 performance reports suggest that 45% of business plan targets are performing on or above target.</p> <p><b>Focus of future improvement:</b> A new performance management framework has been developed for 2022/23 which focuses on reporting on the Business plan themes with Directors leading performance review and monitoring. It is also planned to introduce a performance hub and scorecard to retain focus on performance and necessary interventions to meet targets.</p>
<p>E. Developing capacity including the capability of its leadership and the individuals within it</p>	<p>A new <b>Workforce Strategy</b> was in place for the start of 2021/22. Actions included prioritise 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. <b>Diverse Voices</b> is a positive action scheme to bring diverse perspective to senior decision-making whilst offering experience of working at a more senior level. It is currently being rolled out for new team leaders.</p> <p>A comprehensive <b>leadership development programme</b> is in place to offer training and coaching at all levels include new and aspiring team management. <b>A talent development programme</b> was introduced, which includes support for managers in identifying talent and succession planning, and guidance for colleagues on career development – including the introduction of ‘Grow your Career’ hub on the Source, with advice on identifying skills, career development plans, application and interview skills</p> <p>A <b>management capacity review</b> including a <b>succession planning policy</b> was introduced. At the same time as reducing costs, this aims to secure future managers for the council and provide leadership resilience going forward.</p> <p>Organisational health and wellbeing is one of the major priorities of the workforce strategy. The Councils <b>Health and Safety arrangements</b> have been refreshed to ensure we keep our staff and the people of Bristol safe whilst delivering services.</p> <p>A <b>Strategic Partnering business model</b> has been introduced to several areas to support delivery. These include capital programme delivery and audit services. Other services are also exploring the benefits of this approach.</p>

	<p>Significant progress has been made in aligning <b>learning and development activities</b> to annual service planning. The introduction of a <b>new e-learning platform</b> and improved functionality of HR reporting system has enabled better quality management information about compliance with mandatory and statutory training. Assurances from managers confirm a reasonable level of compliance with the requirement to identify learning and development.</p> <p>Delivery of a comprehensive <b>Member Development Programme</b> which included more tailored development modules for planning, licensing, audit and HR functions.</p>
F. Managing risk and performance through robust internal control and strong public financial management	<p>A refresh of the <b>Performance Framework</b> takes place annually as part of the business planning process - this involves extensive internal consultation around the setting of measures and actions. Scrutiny and lead Cabinet Members are engaged throughout and are ultimately signed off by Corporate Leadership Board (CLB) and Cabinet. In 2021/22, progress against actions and measures has been monitored and reported quarterly through Executive Director Meetings, CLB, relevant Scrutiny Commissions, Overview and Scrutiny Management Board, and Cabinet. The council's quarterly performance reports are public documents that are open to public questioning through the scrutiny/Cabinet process, and they also appear on the performance pages of the Council's website.</p> <p>An annual review takes place at the end of each financial year that details progress against our commitments and actions, as well as against wider city metrics to which the Council contributes but is not solely accountable for.</p> <p>All service, directorate and corporate risks are reviewed regularly in line with the <b>risk management policy</b>. A <b>new risk management system</b> (Pentana Risk) was implemented during the year to support and improve the monitoring of progress being made in relation to timely delivery of key mitigating actions. Internal Audit review of risk management concluded that many actions have been completed to improve risk management arrangements but these now need time to embed to be effective. The review concluded limited assurance during 2021/22.</p> <p>A self-assessment against <b>CIPFA Financial Management (FM) Code</b> has been completed and shows good levels of compliance against many of the code's standards. There is work to do to enhance compliance with some of the standards required by the code. (See Appendix A of this statement). Development and approval of the <b>Corporate Debt Management Policy</b> to provide consistency in ethical debt management across the council.</p> <p>Governance over <b>capital project</b> delivery was improved and delivery is supported by a Strategic Partner. An internal audit review confirmed that many improvement actions planned least year have been implemented. At year end, the Capital budget showed an underspend of £36m on the budget that was revised following a significant finance led over half of the budget.</p> <p>A number of policies have been refreshed or created to enhance <b>Information security approaches</b>. A compliance tool has been introduced to manage compliance and improve training. Work is ongoing to implement an Information Security Management Standard. Actions are being taken to strengthen Information Asset ownership following a recent internal audit review. The Council's Common Activities programme will bring together expertise into a centralised disclosures team to ensure a robust approach across the Council to the effective management of data.</p>



	<p><b>Focuses of future improvements:</b> There are a number of improvement programmes in progress within the Council which continue 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:</p> <ul style="list-style-type: none"> <li>• Procurement and Contract Management</li> <li>• Risk Management</li> <li>• Capital Project delivery</li> <li>• Education Transformation - Including High Needs (SEND and Deficit)</li> <li>• ICT</li> <li>• Information Governance</li> <li>• Performance Management</li> </ul>
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability	<p>The Council has a <b>decision pathway</b> that is used to manage the production of reports for public meetings. Reports will be published in accordance with the statutory timelines and will be available for members of the public unless the reports contain exempt information, as defined in law and set out in the Council's Constitution. <b>Forward plans</b> are published on a monthly basis for Mayoral and Cabinet decisions. Reports are prepared and EDMs have oversight of reports and Cabinet members will be briefed on reports in their portfolios. Reports are published for Cabinet within 5 working days of the date of the Cabinet meeting. <b>Officer Executive decisions</b> are overseen by EDMs and Executive Support Managers have procedures in place to ensure the publication of OEDs. Emergency Officer decisions are sometimes required and will be reported to the next meeting of Cabinet.</p> <p>Corrective action arising from the <b>Value for Money</b> reports by the External Auditors has been acted upon and appropriate action is being taken to implement recommendations. The Council has implemented the recommendations from external auditors relating to the governance of the <b>Council's companies</b>. This has included improved processes to consider professional advice, options appraisals and greater transparency around reserved matters decision making.</p> <p>The new <b>Audit Committee</b> has received relevant training to support them in discharging its responsibilities effectively. The Committee has received regular assurances and updates on implementation of actions identified as a result of both internal and external audit reviews.</p>

## 5. Impact of COVID-19 on our Governance Arrangements

- 5.1 2021/22 was a year of continued uncertainty resulting from the pandemic. Whilst many of the lockdowns were lifted and focus shifted to returning to the new normal ways of working, demand for services, finances and performance have been impacted by the continuing situation.
- 5.2 In many ways, working practices stabilised with a blend of home and office-based working. Committee meetings in person have been resumed and gradually staff are returning to the office where that is the best place to deliver objectives. Staff sickness levels inevitably showed an increase and we are also seeing turnover of staff increase, exceeding healthy levels of turnover. This is in part due to the labour market returning to pre-pandemic levels with higher levels of vacancies in the wider economy.
- 5.3 The Council continued working with its partners to address the challenges brought by the Covid-19 pandemic as well as considering the needs of recovery and renewal. During the year, Internal Audit provided **reasonable assurance** on the adequacy and effectiveness of the Council's Covid19

recovery arrangements. It was concluded that governance of Covid recovery activities was sound with sufficient opportunity for both Members and officers to codesign solutions through engagement at different internal and external boards and platforms which is a good example of working together across the organisation and in the City. All recommendations arising from this work have been fully implemented.

- 5.4 Throughout the year the financial impact on the Council caused by Covid-19 resulted in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income. During the year debt collection activities continued to be scaled back and debt levels have increased as a result. £56.6m pressures that have arisen as a result of Covid have been covered by grants received from central government (both received in 22/23 and carried forward from 21/22) and budgets that were put aside to cover these pressures.

## 5 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 2022 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 and declarations of interest, gift and hospitality. Compliance with financial and HR schemes of delegation and recording delegated decisions was also good. Whilst the review did not identify any significant governance failings, compliance in some operational areas remain in need of improvement:

- **Learning and Development.**
- **Compliance with Procurement Regulations**
- **Risk Management**
- **Business Continuity**
- **Demonstrating Value for Money.**

- 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. The returns have identified good arrangements in many key areas across the group although business planning has been an area for improvement following findings of an independent board effectiveness review and the aim is to deliver longer term business plans for those companies that will remain within the Group of companies. The Council has made the decision to dispose of Bristol Heat Network during 2022/23.

- 6.5 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. Governance frameworks for the group of companies, including audit and risk assurance frameworks are currently being reviewed to reflect future group company structures.

## Second Line Assurances – Oversight and Monitoring Functions Assurance

- 6.6 Assurances are sought from statutory officers and other 'oversight' functions in completing the review.
- 6.7 The Council's **Monitoring Officer** has legal responsibility to look into matters of potential unlawfulness. He has advised that there has been a **public report issued by the Local Government and Social Care Ombudsman in June 2021** concerning the Council's governance and response to two separate complaints that were poorly dealt with. Governance issues around clarity of responsibility for dealing with escalated complaints and poor communication of requirements within the Council lead to the issue of a public report by the Ombudsman.
- 6.8 The Monitoring Officer has confirmed that decisions have been made in accordance with the relevant policy framework.
- 6.9 The Monitoring Officer advises that all councillors have signed the Members Code of Conduct. Training on the Code of Conduct was included as part of the Member Induction Programme following the May 2021 elections. Declarations of interest were completed by all councillors following the May 2021 elections and regular reminders are provided to councillors to keep their declarations of interest up to date. There have been no formal reports/investigations in 2021/22. However, there are procedures in place to manage complaints relating to breaches of the Member Code of Conduct.
- 6.10 The Council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made or considered during 2021/22 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 2021/22. 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. The CFO's continued focus will be on:
- right sizing and resourcing the council's finance function to provide capacity and resilience in supporting the complex financial solutions required to achieve best value for money at the council.
  - ensuring the Council puts in place an appropriate framework to enable accountability for the pension fund to be held by the CFO.
- 6.11 CIPFA, the Chartered Institute of Public Finance and Accountancy, 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 was effective from 2020/21 however, in recognition of the pressures facing local authorities, 2021/22 was the first full compliance year for the Code.
- 6.12 A self-assessment of compliance with the code has been undertaken and is appended to this statement. Overall, the Council self-assessment shows a reasonable level of compliance with the

underlying principles of the FM Code and demonstrates financial sustainability. However we recognise that more could be done to improve compliance with some of the standards and an action plan is in place to address these.

- 6.13 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. Internal processes are in place to identify risk within the Information Governance Service. We have recently documented our approach to IG risks - Information Security Risk Management Framework - which was approved through the Information Governance Board. We continue to document risks at both the corporate and operational level and this is in line with the Council's Corporate Risk Management Framework. Cyber security continues to be a high-risk area for the Council and the landscape is ever evolving with new threats and risks emerging regularly. There is an escalation process in place which is documented as part of the Risk Management Framework and risks will be escalated to the SIRO as appropriate. There are no significant exceptions or breaches that have been identified.
- 6.14 The **Director of Workforce and Change** confirms that an effective management structure is in place with effective appraisals taking place. 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. A Management and Capacity Review aims to reduce workforce costs and prioritise capacity to the Council's Corporate Strategy goals. It started in December 2021 and has a number of workstreams: a succession planning policy, a review of budgeted vacancies and changes to the senior leadership structure
- 6.15 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 2021/22 highlight that 45% (53% for 2020/21) of key business plan performance measures have been met or exceeded target at the end of the year. Full outturn details and explanations of performance are provided to Corporate Leadership Board, Scrutiny and Cabinet. The Performance Framework is focussed on delivering outcomes linked to BCC Business Plan / Corporate Strategy, not just on internal Council performance. Results for 2021-22 were below those in 2020-21 (though similar to previous years) due to a mix of reasons including the removal of Government Covid-recovery support causing pressures, limited internal capacity and a reduction in overall public satisfaction impacting on several outcome measures
- 6.16 The **Council's Audit Committee** holds responsibility for oversight of the Council's governance arrangements and reports annually to Full Council on the results of their work. The Committee received regular reports from both external and internal audit ensuring that appropriate actions were taken to address significant issues relating to the effectiveness of the Council's governance, risk management and internal control.

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

- 6.17 The Council's **External Auditors** independently audit the Council to provide an opinion on the truth and fairness of the financial statements. Their audit of 2020/21 accounts was considered by Audit Committee in March 2022 which identified that it was their intention to issue an unqualified opinion on the accounts. The final audit report is awaited.
- 6.18 In addition the external auditors are required to consider the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Their value for money report covering 2020/21 (report currently in draft) comments on arrangements in place for financial sustainability, effective governance and how the council improves economy, efficiency and effectiveness. The report states that no significant weaknesses in the Council's arrangements for Value for money in 2020/21 were identified however improvement recommendations were made in several areas.



Actions to address the matters raised have been identified and will be monitored by the Audit Committee.

- 6.19 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 2021/22 was that reasonable assurance can be provided that in 2021/22 that the systems of internal control, governance and risk management designed to meet the Council's objectives were adequate and operating effectively. In forming this view, the Chief Internal Auditor reflected on the decrease in the number of limited assurance opinions, significant improvement in the implementation, monitoring and reporting of agreed management actions. Additionally, the increased oversight by the Corporate Leadership Board in improving the governance and internal control arrangements in areas that were identified as requiring improvement in the previous year.
- 6.20 Children and Families Service LGA Peer Challenge.** The focus of the peer challenge was children in need of help and protection, children subject to child protection plans and the work of the First Assessment Service (front door). The overarching message from the challenge was "The practice culture is strong, focused upon helping families make effective changes and your staff speak with passion about Bristol's children and families. We have seen some weaknesses in the application of child protection thresholds and adherence to core case work processes. A rebalancing which retains all of your strengths complemented by being brilliant at the basics will leave you in a very strong place". Recommendations from the review are being incorporated into the improvement plan for the service.
- 6.21 **Ofsted Inspections of council-owned children's homes.** Ofsted visits took place across four Bristol Children's homes during the year. Three Full Ofsted reported 'good' judgements while the other reported an 'improved effectiveness' rating following an interim inspection. One children's home has remained temporarily closed since the Ofsted compliance notice in December 2020 was successfully completed in January 2021.
- 6.22 An **Ofsted Focus Visit of Children's Social Care Front Door** reported mainly positive arrangements and improvements. Inspectors looked at the local authority's arrangements for 'front door' services, including decision-making for referrals about children, child protection enquiries, decisions to step up or down from early help, and emergency action out of office hour. Two areas for improvement were identified concerning i) the consistency with which the reasons for contacting particular agencies to gather information about children and families are recorded and ii) how clearly and consistently the rationale for dispensing with parental consent is recorded when this has been necessary before undertaking checks with partner agencies.
- 6.23 **Care Quality Commission (CQC) Inspections of Adult Care Providers.** There has been an increase in services rated as good over the first 6 months of the year and a reduction of services rated as requires improvement - there are 7 services in Bristol rated by CQC as Requires Improvement, one of which is due to close in February 2022. There have been no inadequate services in the Bristol area and have been no inadequate rating for the last 3 years.
- 6.24 **Preventing and Reducing Youth Homelessness in Bristol.** MHCLG (now DLUHC) did a focussed visit on 16 June 2021 to consider the effectiveness of the Council's approach to preventing and reducing youth homelessness in Bristol. The advisors recommended 3 key priorities to strengthen our approach: Improve our homelessness systems knowledge, practice, recording and data locally, and Hcllc submissions, review our processes and practice to ensure compliance with the DfE/MHCLG joint guidance and ensure there is joint commitment across Housing and Children Services not to use unsuitable accommodation for 16/17-year-olds. An Action Plan has been developed jointly between Housing & Landlord Services and Children, Families & Safer Communities. This is monitored through the KBSP Preventing Homelessness and Accommodation (PHA) Meeting.

6.25 A **Homes England Compliance Audit** report gave a 'green' rating confirming that the Council has complied with the requirements. No improvement actions were identified.

## 7. Significant Governance Issues 2021/22

7.1 In concluding the review of effectiveness, three 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	<b>Dedicated Schools Grant (DSG)</b>	
	The in-year forecast deficit on the DSG is significant at £14.6m, which when added to the brought forward balance of £10.0m means that the DSG is carrying forward a total deficit at the end of the year of £24.6m. The main financial challenge continues to be the High Needs block, which has an in-year overspend of £15.3m (Carry forward deficit of £27.9m) resulting from increases in EHCP assessments and need; this is offset by an underspend of £0.9m in the Schools' block and £0.1m overspend on the other blocks.	<p>A separate, more detailed High Needs Block Recovery Plan is in development, which details the key mitigations required to achieve a sustainable position.</p> <p>The actions will sit alongside the DSG Deficit Management Plan and will be agreed with Bristol Schools Forum.</p> <p>Equalities Impact Assessments (EQiAs) are being completed and public consultations will commence where required.</p> <p>Bristol has accepted the DfE's offer to engage in the 'Delivering Better Value in SEND' Programme'. Diagnostic analysis will inform further actions and access to funding from the DfE to support an 18-month programme aimed at bringing spend in line with budget.</p>

### 2. Procurement Breaches

The number of breaches of the Council's procurement rules during 2021/22 significantly increased from 2021/21. The 20/21 VFM report by the Council's external auditors has recommended urgent action be taken

Whilst full compliance can never be guaranteed and 'under-reporting' of breaches, in particular, is an inherent possibility, an effective and transparent breaches governance process is in place to detect instances of non-compliance.

to address the high level of breaches.  
When the procurement rules are breached, there is an increased risk that the Council enters into a contract which is not Best Value and/or is not the best way of achieving organisational objectives. Breaches also reduce transparency and fairness of decision making, which can increase the risk of fraud, conflicts of interest and reputational damage.

Procurement compliance training will be more widely rolled out via e-learning and actual compliance activity reported quarterly to Audit Committee via Internal Audit.

### 3 Savings

The Council continues to face challenges in delivering required savings.

Out of the £11.7m of savings planned for delivery within the 2021/22 budget only 46% was achieved on a recurrent basis. If these savings continue to be unachievable in the future the Council will need to identify other ways of delivering these savings which could result in significant impact on service delivery.

The Council has experienced a period of sustained increase in demand resulting from current global market factors (such as supply chain and fuel shortages) and for some of the services provided for the most vulnerable members of the community (as a result of Covid and subsequent economic impact), particularly within adult and children's social care.

Following the announcement of government grant allocations and estimates of the Council's funding, a significant challenge remained in the Council budgets.

The Council identified six key areas for service reviews:

- Property and capital
- Be more business-like and secure more external resource
- Improving efficiencies
- Digital transformation
- Reducing the need for direct services
- Redesigning, reducing, or stopping services.

Savings, efficiencies and income generation opportunities in the region of £34.3 million, subject to final due diligence, optimism bias, engagement, impact assessment and consultation has been identified over the medium term.

The development of detailed plans and activity is being closely monitored by EDM, CLB and Delivery Executive and details will be included in the quarterly Finance reports to Cabinet.

In addition work has commenced early in 2022/23 to refresh the MTFP model assumptions and identify any new emerging pressures which may need to be addressed for 2023/24.

- 7.2 The progress relating to the significant governance issues identified in 2020/21 was presented to the Audit Committee in March 2022 through The Annual Governance Statement 2020/21 - Progress Update Report.

## Core Statements

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

2020/21				2021/22		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
417,307	(212,528)	204,779	People	454,856	(210,728)	244,127
239,408	(164,456)	74,952	Resources	237,601	(148,532)	89,069
260,538	(71,263)	189,275	Growth & Regeneration	241,495	(92,907)	148,588
104,341	(123,136)	(18,795)	Housing Revenue Account	115,959	(123,026)	(7,066)
212,076	(201,110)	10,966	Dedicated Schools Grant	228,498	(204,964)	23,534
9,860	(903)	8,957	Corporate Funding & Expenditure	6,692	(889)	5,803
<b>1,243,530</b>	<b>(773,396)</b>	<b>470,134</b>	<b>Cost of services</b>	<b>1,285,100</b>	<b>(781,046)</b>	<b>504,054</b>
		7,937	Other operating expenditure (Note 9)			11,786
		7,313	Financing and investment income and expenditure (Note 10)			(45,078)
	(473,173)		Taxation and non-specific grant income (Note 11)			(454,781)
	<b>12,211</b>		<b>(Surplus)Deficit on provision of services</b>			<b>15,980</b>
			<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services</b>			
		(150,901)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 20)			(243,430)
		112,346	Remeasurement of the net defined benefit liability/asset (Note 34)			(164,056)
			<b>Items that may be reclassified to the (Surplus) or Deficit on the Provision on Services</b>			
			(Surplus)/ deficit on financial assets measured at fair value (Notes 24)			
	(38,555)		Other comprehensive income and expenditure			(407,486)
	<b>(26,344)</b>		<b>Total comprehensive income and expenditure</b>			<b>(391,506)</b>



## Movement in Reserves Statement for the year ended 31 March 2022

	Note	General Fund Balance	Earmarked Reserves	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Sub Total - Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2020		17,001	97,390	7,302	121,693	87,526	-	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	-	(651)	651	-	-	-	-	-	-	-
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
Movement in Reserves during 2021/22														
Surplus or (deficit) on the provision of services		(13,403)			(13,403)	(2,577)		(2,577)				(15,980)		(15,980)
Other Comprehensive Expenditure and Income					-			-				-	407,486	407,486
Total Comprehensive Expenditure and Income		(13,403)	-	-	(13,403)	(2,577)	-	(2,577)	-	-	-	(15,980)	407,486	391,506
Adjustments between accounting basis and funding basis under regulations	Note 18	(31,385)			(31,385)	6,367		6,367	1,283	1,606	475	(21,654)	21,654	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(44,788)	-	-	(44,788)	3,789	-	3,789	1,283	1,606	475	(37,634)	429,140	391,506
Transfers to/(from) Earmarked Reserves	Note 19	49,196	(47,272)	(1,924)	-	(4)	4	-				-	-	-
Increase/(Decrease) in 2021/22		4,408	(47,272)	(1,924)	(44,788)	3,785	4	3,789	1,283	1,606	475	(37,634)	429,140	391,506
Balance at 31 March 2022 Carried Forward		40,074	173,435	5,604	219,113	101,576	655	102,231	79,775	12,902	3,555	417,575	1,669,030	2,086,605

## Balance Sheet as at 31 March 2022

31-Mar-21		Note	31-Mar-22
£'000			£'000
2,825,667	Property, Plant & Equipment	20	3,053,348
207,406	Heritage Assets	21	215,256
20,573	Intangible Assets	23	14,991
275,903	Investment Property	22	356,640
43,570	Long Term Investments	24	44,287
49,098	Long Term Debtors	29	60,807
<b>3,422,217</b>	<b>Long Term Assets</b>		<b>3,745,329</b>
64,983	Short Term Investments	24	103,948
12,416	Inventories	30	26,978
144,928	Short Term Debtors	29	160,856
142,274	Cash and Cash Equivalents	31	133,444
806	Assets held for sale		806
<b>365,407</b>	<b>Current assets</b>		<b>426,032</b>
(20,702)	Cash and Cash Equivalents	31	(19,709)
(4,966)	Short Term Borrowing	24	(9,952)
(215,373)	Short Term Creditors	32	(297,725)
(5,760)	Provisions	33	(2,849)
(44,447)	Capital grants received in advance	17	(71,814)
<b>(291,248)</b>	<b>Current liabilities</b>		<b>(402,049)</b>
(450,488)	Long Term Borrowing	24	(445,488)
(26,277)	Provisions	33	(26,005)
(1,291,181)	Other Long Term Liabilities	32	(1,179,908)
(33,331)	Capital Grants Receipts in Advance	17	(31,306)
<b>(1,801,277)</b>	<b>Long-term liabilities</b>		<b>(1,682,707)</b>
<b>1,695,099</b>	<b>Net assets</b>		<b>2,086,605</b>
(455,209)	Usable Reserves	19	(417,575)
(1,239,890)	Unusable Reserves	34	(1,669,030)
<b>(1,695,099)</b>	<b>Total reserves</b>		<b>(2,086,605)</b>

## Cash Flow Statement for the year ended 31 March 2022

2020/21			2021/22
£'000		Note	£'000
(12,211)	Net deficit on the provision of services		(15,980)
152,268	Adjustment to net surplus on the provision of services for non-cash movements	36	166,603
(83,538)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	36	(73,289)
56,519	Net cash flows from Operating Activities		77,334
20,726	Investing Activities	37	(78,083)
(25,099)	Financing Activities	38	(7,088)
52,146	Net increase (decrease) in Cash and Cash Equivalents		(7,837)
69,426	Cash and Cash Equivalents at the beginning of the reporting period	31	121,572
<b>121,572</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>113,735</b>

## Notes to the Accounts

### 1 Accounting Policies

#### (i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS).

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

#### (ii) Recognition of Income and Expenditure

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

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

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

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

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

#### (iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less

from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **(viii) Employee Benefits**

##### **Benefits Payable During Employment**

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

##### **Termination Benefits**

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

##### **Post-Employment Benefits**

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

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

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

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

## **The Local Government Pension Scheme**

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

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

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

- Quoted securities - current bid price.
- Unquoted securities - professional estimate.
- Unitised securities - current bid price.
- Property - market value.

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and

credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits earned by employees.

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

There is a temporary imbalance between the Net Pensions Liability and the Pensions Reserve, which is due to the Council opting to pay three years past service costs upfront during 2021/22 (see above). It immediately reduced the net pensions liability, but the payment will be released to the Pensions Reserve over the respective three financial years, in accordance with proper accounting practice.

### **Discretionary Benefits**

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

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

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

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

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

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

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

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

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



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

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

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

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

#### **(xi) Financial Instruments**

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

#### **Financial Liabilities**

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

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

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

#### **Financial Assets**

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

There are three main classes of financial assets measured at:

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

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

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

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

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

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

### **Expected Credit Loss Model**

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

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

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair

value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

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

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

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

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

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

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

## **(xiii) Heritage Assets**

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

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

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

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

to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Council has no material Joint Ventures.

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

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

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

#### **(xvi) Inventories (Stock)**

Inventories are measured at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange basis in which case their cost is deemed to be fair value at the date of acquisition. Inventories are also measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In this context inventories do not include work in progress under construction contracts and financial instruments.

#### **(xvii) Investment Property**

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

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

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

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

#### **(xviii) Leases**

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

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

## **The Council as Lessee**

### **Finance Leases**

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

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

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

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

### **Operating Leases**

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

## **The Council as Lessor**

### **Finance Leases**

To date the Council has not granted any Finance Leases.

### **Operating Leases**

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

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

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

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

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

#### **(xxi) Prior Period Adjustments**

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

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

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

#### **(xxii) Service Concessions**

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

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

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

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

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

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

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

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs.

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

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

- 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.

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

### **Provisions**

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

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

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

### **Contingent Liabilities**

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

## **Contingent Assets**

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

## **(xxv) Reserves**

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

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

## **(xxvi) Revenue Expenditure Funded from Capital under Statute**

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

## **(xxvii) Schools**

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

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

- 46 Community (12 Nurseries, 29 Primaries, 4 Special and 1 Alternative Provision Site).
- 3 Foundation (2 Primaries and 1 Special).

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

## **(xxviii) Value Added Tax**

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

**(xxix) Rounding Convention**

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

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

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2021/22 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

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

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- The Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:
  - 1) IFRS 1 (First-time adoption) – amendment to foreign operations of acquired subsidiaries transitioning to IFRS.
  - 2) IAS 37 (Onerous contracts) – clarifies the intention of the standard.
  - 3) IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
  - 4) IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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. 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.

Debt Impairment at 31 March 2022, the Council had a balance of short-term debtors of £160.9m. A review of significant balances suggested that an expected credit loss of £81.6m was appropriate. However, in the current climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Business Rates following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2021/22 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The estimated provision has been calculated using the latest Valuation Office Agency (VOA)

ratings list of ratings appeals and the analysis of successful appeals to date. The Council's share of the balance of business rate appeals provisions at 31 March 2022 was £25.2m.

## 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if actual results differ from assumptions
Property, Plant and Equipment (excluding Council dwellings) Carrying value £1.08bn	<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 continues to affect economies and real estate markets globally. Nevertheless, as at the Valuation Date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough 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 £108m change in cost value charged against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement.</p> <p>A corresponding increase in estimated valuations would result in a combination of increases to the Revaluation Reserve and / or reversals of previous negative revaluations charged to the Comprehensive Income and Expenditure Statement.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied.</p>	<p>Variations in the key assumptions will have the following impact on the net pension liability of £1bn</p> <ul style="list-style-type: none"> <li>• a 0.1% increase in the discount rate will reduce the net pension liability by £81m.</li> <li>• a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £86m.</li> </ul>



		<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 £27m.</li> <li>• an increase of one year in longevity will increase the net pension liability by £29m.</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>The outbreak of COVID-19 continues to affect economies and real estate markets globally. Nevertheless, as at the Valuation Date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough 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. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the Valuation Date.</p>	<p>If the value of the Council's investment property, surplus property and non-current assets held for sale, (total carrying value £387m) was to reduce by 10%, this would result in a £38m reduction and a corresponding reduction to Unusable Reserves in the Balance Sheet.</p>

## 5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 26<sup>th</sup> July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 26<sup>th</sup> July 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## 6 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<sup>st</sup> March 2022 excludes the loss for rate reliefs introduced by the government in 2021/22 to support business sectors during the pandemic. This loss will be charged to the General Fund in 2022/23 as part of the deficit on the Collection Fund being recouped in future years. However, the Council received £29.7m of government grant in 2021/22 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 2021/22 has been transferred to a revenue reserve to be used in 2022/23 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 Council's assessed pressure from lost income, undeliverable Covid-19 related savings and from additional service expenditure associated to Covid-19 equates to £56.6m for 2021/22 (this compares to £74.7m in 2020/21). This additional expenditure is fully met by the range of Covid-19 grants received during the year, totalling £35.7m and the utilisation of amounts carried forward from 2020/21.

## **7 Expenditure and Funding Analysis for the year ended 31 March 2022**

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	242,726	(19,578)	223,148	13,331	7,648		20,979	244,127
Resources	69,827	(10)	69,817	11,215	8,037		19,252	89,068
Growth & Regeneration	67,573	9,186	76,759	62,658	9,171		71,829	148,588
Housing Revenue Account	(3,785)	(9,655)	(13,440)	1,710	4,664		6,374	(7,066)
Dedicated Schools Grant	14,647	1,109	15,756	-	7,778		7,778	23,534
Corporate Funding & Expenditure	32,395	(18,063)	14,332	16,348	(5,153)	(19,724)	(8,529)	5,803
	423,383	(37,012)	386,371	105,262	32,145	(19,724)	117,683	504,054
Other income and expenditure (Notes 9,10,11)			(345,373)	(127,123)	23,171	(38,749)	(142,701)	(488,074)
(Surplus) Deficit on the Provision of Services			40,998				(25,019)	15,980
Opening General Fund and HRA Balance			(362,342)					
Less Deficit on General Fund and HRA Balance in Year			40,998					
Closing General Fund and HRA Balance at 31 March 2022*			(321,344)					

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

	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 & Regeneration	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			(153,123)				165,332	12,211
Opening General Fund and HRA Balance			(209,219)					
Less Deficit on General Fund and HRA Balance in Year			(153,123)					
Closing General Fund and HRA Balance at 31 March 2021*			362,342					

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

## **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

	2021/22 £'000	2020/21 £'000
<b>Expenditure &amp; Income Analysed By Nature</b>		
<b>Expenditure</b>		
Employee Benefits Expense	408,619	387,678
Depreciation, Amortisation & Impairment	116,188	122,876
Other Service Expenditure	746,426	770,318
<b>Total Expenditure</b>	<b>1,271,233</b>	<b>1,280,872</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(348,346)	(314,343)
Interest & Investment Income	(5,957)	(10,938)
Income from Council tax & Non-domestic Rates	(334,584)	(360,299)
Government Grants, Other Grants and Contributions	(566,365)	(583,081)
<b>Total Income</b>	<b>(1,255,253)</b>	<b>(1,268,661)</b>
<b>Surplus or deficit on the Provision of Services</b>	<b>15,980</b>	<b>12,211</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.

	2021/22 £'000	2020/21 £'000
Contributions from Other Organisations	18,412	17,805
Health Authorities	52,063	35,951
Other Local Authorities	9,566	6,252
Social Care Charges	28,318	26,685
Sales of Services	6,540	4,195
Car Parking	9,916	4,681
Housing Revenue Account Income	122,363	122,440
Commercial Rents	15,533	16,111
Licencing	7,287	6,723

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.

	2021/22 £'000	2020/21 £'000
Client Contributions	27,453	25,795
Deferred Payments	522	635
<b>Total</b>	<b>27,975</b>	<b>26,430</b>

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

	2021/22 £'000	2020/21 £'000
Adult care and health residential	1,790	1,662
Adult care and health	446	383
Total	<b>2,236</b>	<b>2,045</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

	2021/22 £'000	2020/21 £'000
Precepts and levies	10,820	10,953
Payments to the Government housing capital receipts pool	2,112	2,115
Losses/(gains) on the disposal of non-current assets	(1,146)	(5,132)
Total	<b>11,786</b>	<b>7,936</b>

## 10 Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	33,695	34,241
Loss Allowance (Financial Guarantee Contracts)	-	(5,379)
Changes in the Fair Values of Financial Instruments	(148)	(1,669)
Pensions net interest cost	23,171	22,523
Interest receivable and similar income	(7,251)	(9,268)
Income and expenditure in relation to Investment Properties	(11,696)	(10,569)
Changes in fair value of Investment Properties	(82,849)	(22,566)
Total	<b>(45,078)</b>	<b>7,313</b>

## 11 Taxation and Non-Specific Grant Income

	2021/22 £'000	2020/21 £'000
Council tax income	(230,662)	(224,419)
Non-domestic rates	(120,581)	(55,493)
Non-service-related government grants	(59,107)	(151,656)
Capital grants and contributions	(44,432)	(41,605)
Total	<b>(454,781)</b>	<b>(473,173)</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 £83.501m in 2021/22 and administered by whichever body undertook the contracting arrangements.

**Fund 1** is administered by BNSSG and totals £17.522m. 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 £0.631m. 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 £45.305m. 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>						
Bristol CCG	17,522	631	-	16,716	-	34,869
Bristol City Council	-	-	3,528	28,589	16,515	48,632
<b>Total funding into Pooled Budget</b>	<b>17,522</b>	<b>631</b>	<b>3,528</b>	<b>45,305</b>	<b>16,515</b>	<b>83,501</b>
<b>Expenditure met from Pooled Budget</b>						
Bristol CCG	17,522	631	-	16,716	-	34,869
Bristol City Council	-	-	3,528	28,589	16,515	48,632
<b>Total expenditure from Pooled Budget</b>	<b>17,522</b>	<b>631</b>	<b>3,528</b>	<b>45,305</b>	<b>16,515</b>	<b>83,501</b>
<b>Net surplus/(deficit) on the pooled budget during the year</b>	-	-	-	-	-	-
<b>Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget</b>	-	-	-	-	-	-



### 13 Members' Allowances

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

	2021/22	2020/21
	£'000	£'000
Allowances	1,404	1,395

In addition to the above, the elected Mayor is paid an annual allowance amounting to £83,082 (2020/21: £80,871).

## 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:

2021/22				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
Chief Executive & Head of Paid Service	Apr '21 - Mar '22	M Jackson		174,073	-	-	174,073
Executive Director - People	Apr '21 - Mar '22	H Evans		140,793	-	29,566	170,359
Executive Directors - Growth and Regeneration	Apr '21 - Mar '22	S Peacock		172,413	-	12,046	184,458
Director Homes and Landlord Services (Interim)*	Apr '21 - Mar '22	D Graham		280,634	-	-	280,634
Director Management of Place	Apr '21 - Mar '22	P Mellor		125,931	-	26,281	152,212
Statutory Officers- Chief Financial (S151)	Apr '21 - Mar '22	D Murray		125,150	-	26,281	151,431
Director Workforce and Change	Apr '21 - Mar '22	J Walsh		125,150	-	26,281	151,431
Statutory Officers- Director Education and Skills	Apr '21 - Mar '22			109,506	-	22,996	132,502
Statutory Officers- Director Adult Social Care	Apr '21 - Mar '22			98,034	-	20,587	118,621
Statutory Officers – Director of Public Health	Apr '21 - Mar '22			93,862	-	19,711	113,573
Statutory Officers- Director Children and Family Services	Apr '21 - Jan '22		1	93,102	-	18,730	111,832
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Apr '21 - Mar '22			88,648	-	18,616	107,264
Statutory Officers- Director Children and Family Services (Interim)*	Jan '22 - Mar '22	S Parker		54,938	-	-	54,938

1 Post holder left on 30th January 2022.

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

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

The Council also secured services from various individuals on an interim basis during 2020/21 and 2021/22. The amounts disclosed below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower). The fees payable by the Council in respect of these individuals amounted to £150,000 or more pro rata, in 2021/22 were as follows:

- P Barry who held the position of **Property Service Manager** from August 2021 to March 2022 at a cost to the Council in 2021/22 of **£142,316**.
- A Layton who held the position of **Head of Financial Planning** from November 2021 to March 2022 at a cost to the Council in 2021/22 of **£78,173**.
- F Rodriguez who held the position of **Corporate Landlord Project Manager** from July 2021 to March 2022 at a cost to the Council in 2021/22 of **£49,397**.
- N Beardmore who held the position of **Clean Air Zone Communication & Engagement Director** from April 2021 to September 2021 at a cost to the Council in 2021/22 of **£85,624** (2020/21 of **£218,005**)
- J Blackburn who held the position of **Director of Adults Transformation** from February 2022 to March 2022 at a cost to the Council in 2021/22 of **£30,932**.

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

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	2021/22		2020/21	
	Number of employees		Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	17	92	11	37
£55,000 - £59,999	13	24	13	42
£60,000 - £64,999	8	39	10	20
£65,000 - £69,999	18	31	10	32
£70,000 - £74,999	10	30	10	18
£75,000 - £79,999	3	26	3	27
£80,000 - £84,999	-	4	-	7
£85,000 - £89,999	-	5	-	4
£90,000 - £94,999	1	6	-	3
£95,000 - £99,999	-	3	-	4
£100,000 - £104,999	-	3	-	-
£105,000 - £109,999	-	1	-	1
£110,000 - £114,999	1	1	-	1
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	3	-	2
<b>Totals</b>	<b>71</b>	<b>268</b>	<b>57</b>	<b>198</b>

The variation in employee numbers between bands shown in the above table is largely down to a combination of progression from appointment rate to competence rate as well as nationally agreed pay awards that have inflated pay and moved the boundaries against these ranges.

## Exit Packages

The numbers of exit packages relating to Council employees during 2021/22, 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	
	2021/22 No.	2020/21 No.	2021/22 No.	2020/21 No.	2021/22 No.	2020/21 No.	2021/22 £'000	2020/21 £'000
£0 - £20,000	40	7	13	6	53	13	364	98
£20,001 - £40,000	4	-	3	2	7	2	197	61
£40,001 - £60,000	1	-	3	-	4	-	183	-
£60,001 - £80,000	1	-	1	-	2	-	136	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	1	-	1	-	120	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>46</b>	<b>7</b>	<b>21</b>	<b>8</b>	<b>67</b>	<b>15</b>	<b>1,000</b>	<b>159</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.

	2021/22 £'000	2020/21 £'000
Fees payable to the External Auditor regarding external audit services carried out by the appointed auditor for the year	168	265
Fees payable to the External Auditor for the certification of grant claims and returns for the year	36	42
Fees payable in respect of other services provided by the External Auditor during the year	35	43
<b>Total</b>	<b>239</b>	<b>350</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:

2020/21				2021/22			
£'000				£'000			
Central Expenditure	ISB	Total	Notes	Central Expenditure	ISB	Total	
		374,259	Final DSG before academy and high needs recoupment			403,690	
		200,955	Academy and high needs figure recouped for year			223,289	1
		<b>173,304</b>	<b>Total DSG after academy and high needs recoupment for year</b>			<b>180,401</b>	
		(2,892)	Plus: Brought forward from previous year			-	
		-	Less: Carry forward agreed in advance			-	
29,575	140,837	170,412	Agreed initial budgeted distribution in year	29,264	151,137	180,401	
-	(435)	(435)	In year adjustments	-	246	246	2
<b>29,575</b>	<b>140,402</b>	<b>169,977</b>	<b>Final budgeted distribution for year</b>	<b>29,264</b>	<b>151,383</b>	<b>180,647</b>	
29,575	-	29,575	Less: actual central expenditure	29,264	-	29,264	
-	150,406	150,406	Less: actual ISB deployed to schools	-	166,029	166,029	
-	-	-	Plus: LA contribution for year	-	-	-	
<b>-</b>	<b>(10,004)</b>	<b>(10,004)</b>	<b>In Year Carry forward</b>	<b>-</b>	<b>(14,646)</b>	<b>(14,646)</b>	
		-	Carry forward agreed in advance			-	
		-	Carried Forward			-	
		-	DSG unusable reserve at the end of the previous year			(10,004)	3
		(10,004)	Addition to DSG unusable reserve at the end of year			(14,646)	
		(10,004)	Total DSG unusable reserve at the end of the year			(24,650)	4
		<b>(10,004)</b>	<b>Net DSG position at the end of the year (Note 34)</b>			<b>(24,650)</b>	

1. 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 one that opened in year. The academy recoupment in 2021/22 comprised 87 academies open at the start of the year plus 2 that converted in year.
2. The in-year estimated adjustment for the final early years block funding 2021/22, following the January 2022 census data up-date, due in summer 2022.
3. This is the brought forward figure from 2020/21.
4. The total carry forward deficit is £24.650m for the year. Included in the carry forward are surpluses for de-delegated budgets of £0.504m, £0.472m in Early Years Block, £1.517m Schools Block and the High Needs Transformation Programme of £0.740m, with offsetting deficits of £27.876m in High Needs Block.

## 17 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

### Credited to Taxation and Non Specific Grant Income

	2021/22 £'000	2020/21 £'000
Capital grants and contributions (Note 11 & see below)	44,432	41,605
Non service related government grants (Note 11)	59,107	151,656
<b>Total</b>	<b>103,539</b>	<b>193,261</b>

### Capital grants and contributions

	2021/22 £'000	2020/21 £'000
<b>Government grants applied:</b>		
People	5,373	1,955
Growth & Regeneration	26,471	32,805
Resources	1,828	50
Housing Revenue Account	477	481
Developer Contributions	10,282	5,918
<b>Total Government Grants &amp; Contributions applied</b>	<b>44,432</b>	<b>41,209</b>
Government grants unapplied	-	396
<b>Total grants credited to the CIES</b>	<b>44,432</b>	<b>41,605</b>

## Grants Credited to Services

	31-Mar 2022 £'000	31-Mar 2021 £'000
<b>People</b>		
Adult Education	1,681	1,582
Better Care Fund	-	14,736
COVID-19 - Emergency Response Grants (Adult Social Care)	10,988	9,358
Dedicated Schools Grant	180,647	172,870
Education Services Grant	10	988
Education and Skills Funding Agency Grants	8,217	12,840
Covid 19 - Education and Skills Funding Agency Grants	684	1,743
Independent Living Fund Grant	1,662	1,665
PFI Special Grant	17,103	17,652
Pupil Premium	6,918	7,066
Troubled Families Grant	1,686	1,659
Youth Justice Board Grant	714	759
Other Care Grants (Adults)	3,403	3,533
Other Care Grants (Children)	6,368	4,390
Other	7,025	1,449
<b>Growth &amp; Regeneration</b>		
Discretionary Housing Payments	1,045	1,351
Go Ultra Low Grant	109	2,307
Homelessness Reduction & Support Grants	9,573	4,226
Housing Benefit (rent allowances/council tax benefit) subsidy	117,834	127,922
Housing Benefit Administration Subsidy	2,377	2,804
Innovate UK Grant	77	438
Public Health	33,643	33,259
COVID-19 - Public Health Grants	5,288	15,810
Public Health – Other	2,208	271
SWERCOTS	420	424
Travel & Transport Grants	564	157
Air Quality Grant	657	1,393
Arts Council England - Museums	2,105	2,096
Better Bus Area Fund	-	87
Sustainable Travel Access Fund	976	2,535
Winter Funding	6,913	1,640
Covid-19 - Business Support Grants	3,804	18,662
North & South Bristol Enterprise Support Grants	635	-
Other	5,323	5,039
<b>Resources</b>		
Covid 19 - Tax Income Guarantee Grant	-	1,420
Covid 19 - Test & Trace Support Grant	4,568	752
Non City Council elections	-	25
Brexit	-	86
Local Crisis and Prevention Fund	-	608
Other	1,490	479
<b>Total</b>	<b>446,712</b>	<b>476,079</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:



	31 March 2022 £'000	31 March 2021 £'000
<b>Capital Grants and Contributions Received in Advance</b>		
Government grants	61,378	33,337
Section 106 contributions	41,741	44,441
<b>Total</b>	<b>103,120</b>	<b>77,778</b>
Due < 1 year	71,814	44,447
Due > 1 year	31,306	33,331
<b>Total</b>	<b>103,120</b>	<b>77,778</b>
<b>Revenue grants (within creditors)</b>		
People	4,693	2,812
Growth & Regeneration	1,943	3,442
Resources	1,155	493
<b>Total</b>	<b>7,791</b>	<b>6,747</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.

2021/22	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Gains Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<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	(76,750)	(33,567)	-	-	-	(110,317)
Movement in the market value of Investment Properties	82,057	792	-	-	-	82,849
Amortisation of Intangible Assets	(5,475)	(470)	-	-	-	(5,945)
Capital grants and distributions	43,955	477	-	-	-	44,432
Revenue and expenditure funded from capital under statute	(5,483)	-	-	-	-	(5,483)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(20,992)	(9,306)	-	-	-	(30,298)
Changes in Fair Value of Financial Instruments (MiRs)	148	-	-	-	-	148
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	14,381	-	-	-	-	14,381
Capital expenditure charged against the General Fund and HRA balances	2,601	177	-	-	-	2,778
<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	4,762	14,020	(18,781)	-	-	-
Administrative costs of non-current asset disposals	(188)	-	188	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16,646	-	-	16,646
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	(2,112)	2,112	-	-	-
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
Excess depreciation transferred to the MRR	-	-	-	-	-	-
HRA depreciation credited to MRR	-	30,896	-	(30,896)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	29,290	-	29,290
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Unapplied Capital Grants	-	-	-	-	-	-
Application of grants and contributions to capital financing	-	-	-	-	(475)	(475)
<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 35)	(92,969)	(12,169)	-	-	-	(105,138)
Employer's pensions contributions and direct payments to pensioners payable in the year	44,926	4,896	-	-	-	49,822
<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	38,749	-	-	-	-	38,749
<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	3,280	-	-	-	-	3,280
<b>Other Reserve Movements</b>						
	(1,795)	-	(1,448)	-	-	(3,243)
Total Adjustment	31,385	(6,367)	(1,283)	(1,606)	(475)	21,654

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			-
<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 35)	(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>

## 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 2021/22, 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 2022 has been transferred to a new unusable reserve the Dedicated Schools Grant Adjustment Account. See Note 34 for further details.
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans
- The Business Rates Volatility Reserve, included in Risk Reserves in the table below– includes a balance as at 31 March 2022 of £29.7m for COVID-19 grants received in 2021/22 to be used in 2022/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2021/22 are charged to the General Fund in future years. 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 2022/23 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 2020	Transfers out	Transfers in	31 March 2021	01 April 2021	Transfers out	Transfers in	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total General Fund Strategic Reserve</b>	(17,001)	-	(18,665)	(35,666)	(35,666)	6,100	(10,508)	(40,074)
<b>General Fund Earmarked Reserves</b>								
Capital Investment Reserve	(25,166)	1,501	(11,969)	(35,634)	(35,634)	11,656	(13,116)	(37,094)
Business Transformation Reserve	(3,131)	798	(1,000)	(3,333)	(3,333)	1,899	(1,414)	(2,848)
Risk Management Reserve	(16,050)	10,233	(100,176)	(105,993)	(105,993)	134,247	(82,701)	(54,447)
Statutory/Ring-fenced Reserve	(31,255)	32,350	(50,288)	(49,192)	(49,192)	19,481	(27,077)	(56,788)
Financing Reserve	(9,218)	3,323	(713)	(6,608)	(6,608)	2,559	(547)	(4,596)
Service Specific Reserves	(12,570)	3,978	(11,355)	(19,947)	(19,947)	9,699	(7,415)	(17,663)
<b>Total</b>	(97,390)	52,184	(175,501)	(220,707)	(220,707)	179,540	(132,268)	(173,435)
<b>School Reserves</b>								
Schools – DSG	2,892	(2,892)	-	-	-	-	-	-
Schools - Balances	(8,910)	1,729	-	(7,180)	(7,180)	2,103	-	(5,077)
Schools - Other	(1,284)	978	(42)	(348)	(348)	-	(178)	(526)
<b>Total Schools</b>	(7,302)	(184)	(42)	(7,529)	(7,529)	2,103	(178)	(5,604)
<b>Total Dedicated Schools Grant Reserve</b>								
<b>HRA</b>								
HRA General Reserve	(87,526)	601	(10,865)	(97,791)	(97,791)	-	(3,785)	(101,576)
Major Repairs Reserve	(3,606)	21,642	(29,332)	(11,296)	(11,296)	58,920	(60,526)	(12,902)
HRA Earmarked Reserves	-	601	(1,251)	(651)	(651)	-	(4)	(655)
<b>Total HRA Reserves</b>	(91,132)	22,843	(41,448)	(109,737)	(109,737)	58,920	(64,315)	(115,133)
<b>Capital Reserves</b>								
Capital Receipts	(2,685)	107,570	(107,966)	(3,080)	(3,080)	20,537	(21,012)	(3,555)
Capital Grants Unapplied	(78,512)	45,138	(45,117)	(78,491)	(78,491)	33,757	(35,041)	(79,774)
<b>Total Usable Capital Reserves</b>	(81,196)	152,708	(153,083)	(81,571)	(81,571)	54,294	(56,052)	(83,329)
<b>TOTAL USABLE RESERVES</b>	(294,021)	227,550	(388,739)	(455,209)	(455,209)	300,957	(263,323)	(417,575)

## 20 Property, Plant and Equipment Movements in 2021/22

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

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>									
<b>At 1 April 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>
Additions	34,042	14,619	9,362	21,634	559	48,682	150	129,048	-
Donations	-	-	-	-	-	-	-	-	-
Revaluation Increases / (decreases) recognised in the Revaluation Reserve	158,521	50,013	-	-	114	(1,686)	(560)	206,402	1,452
Revaluation Increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(25,139)	-	-	-	(32,862)	(822)	(58,823)	(641)
Derecognition - Disposals	(8,363)	(5,769)	-	-	(3)	-	(13,011)	(27,146)	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Assets reclassified to / from Held for Sale	-	-	-	-	-	-	-	-	-
Assets reclassified to / from Investment Property	-	-	-	-	-	-	-	-	-
Other movements in cost or valuation	10,183	(6,884)	(74)	(42)	74	(3,257)	-	-	-
<b>At 31 March 2022</b>	<b>1,960,283</b>	<b>684,821</b>	<b>99,232</b>	<b>395,130</b>	<b>8,614</b>	<b>34,539</b>	<b>29,587</b>	<b>3,212,206</b>	<b>27,715</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2021	(14,378)	(16,726)	(38,579)	(66,831)	(416)	(4)	(124)	(137,058)	(318)
Depreciation Charge	(30,188)	(19,250)	(8,698)	(11,219)	-	-	(247)	(69,602)	(658)
Depreciation written out to Revaluation Reserve	29,403	-	-	-	-	-	-	29,403	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	17,938	-	-	-	-	245	18,183	641
Derecognition - Disposals	68	148	-	-	-	-	-	216	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	1	174	148	-	(148)	(175)	-	-	-
<b>At 31 March 2022</b>	<b>(15,094)</b>	<b>(17,716)</b>	<b>(47,129)</b>	<b>(78,050)</b>	<b>(564)</b>	<b>(179)</b>	<b>(126)</b>	<b>(158,858)</b>	<b>(335)</b>
<b>Balance Sheet at 31 March 2022</b>	<b>1,945,189</b>	<b>667,105</b>	<b>52,103</b>	<b>317,080</b>	<b>8,050</b>	<b>34,360</b>	<b>29,461</b>	<b>3,053,348</b>	<b>27,380</b>
<b>Balance Sheet at 1 April 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>

## Property, Plant and Equipment Comparative movements in 2020/21

	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>

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 2022 the Council had entered several contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £108.1m.

Significant contractual commitments outstanding at 31 March 2022 were as follows:

		£m
Bristol Beacon - Cultural refurbishment scheme	Willmott Dixon Construction Ltd	23.3
Avonmouth and Severnside Enterprise Area - Flood defences	South Gloucestershire Council	21.5
Design, Supply & Installation of New Kitchens and Electrical Rewires	Bell Group	11.2
Design, Supply & Installation of New Kitchens and Electrical Rewires	Jeff Way Construction Ltd	11.2
Refurbishment - Bishport 5 Blocks	Rateavon Ltd	9.2
Refurbishment & Replacement of EWI system to Ecclestone & Phoenix House	SERS Energy Solutions Group Ltd	6.7
SEND Expansion Programme: Bristol Education Centre redevelopment	Vercity Management Services Limited t/a Bristol LEP Limited	6.4
Hawkfield Business Park Conversion	ISG Construction Ltd	3.4
Refurbishment & Replacement of EWI system to Corbett House	Synergise Ltd	2.9
Bedminster Heat Network - Infrastructure	CSW Process Ltd	2.7
Transport Cumberland Road Stabilisation works	Alun Griffiths (Contractors) Ltd	2.6
Portway Park & Ride Rail Platform	Network Rail Infrastructure Limited	2.3
Transport - Floating pontoon walkway	Knights Brown Construction Ltd	1.9
Refurbishment - Roegate House	Rateavon Ltd	1.4
Bristol Waste (agency agreement) - Hartcliffe site construction	Bristol Waste Company Ltd	1.2
	<b>Total</b>	<b>108.1</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>	-	27,189	97,992	395,130	8,614	34,383	-	563,308
01 Oct 2021	1,960,283	596,472	1,240	-	-	-	29,589	2,587,584
01 Oct 2020	-	29,841	-	-	-	-	-	29,841
01 Oct 2019	-	9,161	-	-	-	-	-	9,161
01 Oct 2018	-	12,019	-	-	-	156	-	12,175
01 Dec 2017	-	10,139	-	-	-	-	-	10,139
<b>Total cost valuation</b>	<b>1,960,283</b>	<b>684,821</b>	<b>99,232</b>	<b>395,130</b>	<b>8,614</b>	<b>34,539</b>	<b>29,589</b>	<b>3,212,208</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. It was considered appropriate to increase the properties within Property Plant and Equipment by £126.9m, primarily relating to Council Dwellings (£110.7m).

## 21 Heritage Assets

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

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian books	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
01 April 2021	129,888	42,594	7,675	27,249	207,406
Additions	475	-	-	-	475
Revaluations	2,790	(250)	-	4,835	7,375
<b>31 March 2022</b>	<b>133,153</b>	<b>42,344</b>	<b>7,675</b>	<b>32,084</b>	<b>215,256</b>
<b>Cost or valuation</b>					
01 April 2021	126,625	42,588	7,675	27,168	204,056
Additions	96	-	-	-	96
Revaluations	3,167	6	-	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>

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:

	2021/22	2020/21
	£'000	£'000
Rental income from Investment Property	12,014	11,161
Direct operating expenses arising from Investment Property	(318)	(592)
Net gain	<b>11,696</b>	<b>10,569</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:

	2021/22	2020/21
	£'000	£'000
Balance at start of the year	275,903	252,586
Additions – purchases	-	256
Disposals	(2,112)	-
Net gains/losses from fair value adjustments	82,849	22,566
Transfers to/from Property, Plant and Equipment	-	495
Balance at end of the year	<b>356,640</b>	<b>275,903</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 income and expenditure line.

### Fair Value Hierarchy

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

	Other significant observable inputs (Level2)	
	2021/22	2020/21
	£'000	£'000
Retail	78,487	67,540
Industrial	209,606	144,779
Office	68,547	63,584
Balance at end of the year	<b>356,640</b>	<b>275,903</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 £5.9m charged to revenue in 2021/22 was charged to the central ICT cost centre and the Housing Revenue Account. The charge to central ICT was absorbed as an overhead across all the service headings in the Net Cost of Service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The main purchases relate to system improvements from within the IT Transformation programme (ITTP), the majority of which was spent in 2020/21, with a residual amount in 2021/22.

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

	2021/22 £'000	2020/21 £'000
<b>Balance at start of the year</b>		
Gross carrying amounts	42,932	33,792
Accumulated amortisation	(20,345)	(15,820)
Accumulated impairment	(2,014)	(2,014)
<b>Net carrying amount at start of year</b>	<b>20,573</b>	<b>15,958</b>
<b>Additions:</b>		
Purchases	362	9,140
<b>Amortisation for the period</b>	<b>(5,944)</b>	<b>(4,525)</b>
<b>Net carrying amount at the end of year</b>	<b>14,991</b>	<b>20,573</b>
<b>Comprising:</b>		
Gross carrying amounts	43,294	42,932
Accumulated amortisation	(26,289)	(20,345)
Accumulated impairment	(2,014)	(2,014)
<b>Balance at end of the year</b>	<b>14,991</b>	<b>20,573</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 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(445,488)	(450,488)	(9,952)	(4,966)
Service Concessions	(116,238)	(123,910)	(9,101)	(8,951)
Creditors	(93)	(94)	(266,205)	(194,467)
<b>Financial Liabilities at Fair Value through profit and loss</b>				
Financial Derivative	-	-	-	(20,702)
<b>Total Financial Liabilities</b>	<b>(561,819)</b>	<b>(574,492)</b>	<b>(285,258)</b>	<b>(229,086)</b>
<b>Financial Assets at amortised cost</b>				
Investments	-	-	109,498	105,781
Debtors	24,548	11,332	96,972	92,809
<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	43,938	43,220	108,184	101,476
<b>Total Financial Assets</b>	<b>68,836</b>	<b>54,902</b>	<b>314,654</b>	<b>300,066</b>

### Movements

The increase in financial liabilities, circa £44m relates to an increase in the value of general creditors (£72m) during the year primarily due to government grants being received in advance. This was partly offset by the planned repayment of an overdraft (£20m) and service concessions (£8m).

The financial assets increased by circa £29m through a combination of increases in working capital and reserves resulting in additional cash resources to invest in lieu of using these resources.

## Borrowing

	31 March 2022 £'000	31 March 2021 £'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	285	101
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	8,251	3,251
- Banks and other monetary sector	1,137	1,334
- Energy improvement Loans	259	259
- Local bonds and Stocks	21	21
<b>Total</b>	<b>9,952</b>	<b>4,966</b>

	31 March 2022 £'000	31 March 2021 £'000
Non-current borrowing		
Public Works Loan Board	325,439	330,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
<b>Total</b>	<b>445,488</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 2021/22**

	<b>Financial Liabilities</b>		<b>Financial Assets</b>		
	<b>Measured at amortised cost</b>	<b>Amortised Cost</b>	<b>Fair Value through the CI</b>	<b>Fair Value through the P&amp;L</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest expense & Impairment Losses	(33,695)	-	-	-	(33,695)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,695)</b>
Interest Income	-	4,953	-	78	5,031
Fair Value Movement	-	-	-	148	148
Dividend Income	-	-	-	2,220	2,220
<b>Total income in Surplus or Surplus / Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>4,953</b>	<b>-</b>	<b>2,446</b>	<b>(26,296)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(33,695)</b>	<b>4,953</b>	<b>-</b>	<b>2,446</b>	<b>(26,296)</b>

**Financial Instruments Gains and Losses 2020/21**

	<b>Financial Liabilities</b>		<b>Financial Assets</b>		
	<b>Measured at amortised cost</b>	<b>Amortised Cost</b>	<b>Fair Value through the CI</b>	<b>Fair Value through the P&amp;L</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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>-</b>	<b>-</b>	<b>-</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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(28,862)</b>	<b>5,113</b>	<b>-</b>	<b>5,824</b>	<b>(17,925)</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 2022 using:			Fair value measurements at 31 March 2021 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	108,184	-	-	101,476	-	-
Bristol Port Company (Non-traded Unquoted Equity Investment)	-	-	28,000	-	-	29,000
Bristol Holdings (unquoted equity investment)	-	-	5,465	-	-	4,992
Other unquoted private companies	-	-	192	-	-	128
Pooled property fund	-	-	10,281	-	-	9,100
<b>Fair Value through Other Comprehensive Income</b>						
Other unquoted private companies	-	-	350	-	-	350
<b>Total Non-traded securities:</b>	<b>108,184</b>	<b>-</b>	<b>44,288</b>	<b>101,476</b>	<b>-</b>	<b>43,570</b>
<b>Investment properties</b>	<b>-</b>	<b>356,640</b>	<b>-</b>	<b>-</b>	<b>275,903</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>29,462</b>	<b>-</b>	<b>-</b>	<b>43,706</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>108,184</b>	<b>386,102</b>	<b>44,288</b>	<b>101,476</b>	<b>319,609</b>	<b>43,570</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	806	-	-	806	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>-</b>	<b>806</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 <small>(further detailed information in Note 22)</small>	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 £1.7m higher or lower respectively.
Bristol Holdings	Level 3	This investment has been valued at the Council's share of each company's net assets.	Calculations have been based on their unaudited accounts as at 31 March 2022.	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 (£542k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Council's share within the pooled fund.	The valuation for Pooled Property Funds has been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £89k higher or lower respectively.

### Transfers between levels of the fair value hierarchy

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

### Changes in valuation technique

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

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

Description	31 March 2022	31 March 2021
	Non-traded securities	Non-traded securities
	£'000	£'000
Opening balance	43,570	42,073
included in the surplus/(deficit) on the Provision of Services	112	1,597
included in Other Comprehensive Income and Expenditure	-	-
<b>Total gains/(losses) for the period:</b>	<b>112</b>	<b>1,597</b>
Additions	831	100
Disposals	(225)	(200)
<b>Closing balance</b>	<b>44,287</b>	<b>43,570</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 (-£1m), Homelessness Property fund (+£675k) and Bristol Holdings (+£473k).

## 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 2022		31 March 2021	
	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	459,400	333,690	501,500
Lender Option Borrower Option	70,667	98,100	70,865	108,400
Market Debt	50,470	68,100	50,469	74,700
Current Creditors	266,205	266,205	194,467	194,467
Service Concessions	125,339	177,629	132,861	204,061
Other	707	707	524	524
<b>Total Liabilities</b>	<b>847,078</b>	<b>1,070,141</b>	<b>803,578</b>	<b>1,104,354</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 £1.238bn an increase of £156m which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

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

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Current investments	103,948	103,948	64,983	64,983
Cash and Cash Equivalents	5,550	5,550	40,798	40,798
Non-current investments	-	-	-	-
Current Debtors	96,972	96,972	92,809	92,809
Non-current debtors	24,548	24,548	11,332	11,332
<b>Total Financial Assets</b>	<b>231,018</b>	<b>231,018</b>	<b>209,922</b>	<b>209,922</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 2022 using:			Fair value measurements at 31 March 2021 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			333,690	
Lender Option Borrower Options		70,667			70,865	
Market debt		50,470			50,469	
Service Concessions		125,339			132,861	
Other		707			524	
<b>Total</b>		<b>580,873</b>			<b>609,111</b>	
<b>Financial Assets held at amortised cost</b>						
Current Investments		103,948			64,983	
Cash and Cash Equivalents		5,550			40,798	
Non-current Investments		-			-	
Non-current Debtors		24,548			11,332	
<b>Total</b>		<b>134,046</b>			<b>117,113</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 15<sup>th</sup> February 2021 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 2022 that this was likely to crystallise.

## Allowance for Credit Losses

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

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£0	%	%	£0	£0
	A	B	C	(A*C)	
<b>Non-Current Investments:</b>	<b>31-Mar-22</b>	<b>31-Mar-22</b>	<b>31-Mar-22</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Non-traded securities	-	0.00%	0.00%	-	-
Sub-total	-			-	-
<b>Current Investments:</b>					
Local Authorities	53,537	0.00%	0.00%	-	-
AA rated counterparties	15,076	0.02%	0.02%	3	5
A rated counterparties	40,885	0.05%	0.05%	20	10
Sub-total	<b>109,498</b>			<b>23</b>	<b>15</b>
<b>Trade debtors</b>	<b>96,972</b>			-	-
<b>Non-current debtors</b>	<b>24,548</b>			-	-
<b>Total Financial assets</b>	<b>231,018</b>			<b>23</b>	<b>15</b>

The estimated maximum exposure for credit loss for Treasury investments is £23k and a general allowance of £100k has been set aside for this.

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

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

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

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

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

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

Debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-21
	£'000	£'000	£'000	£'000
Local taxpayers	59,488	(37,635)	21,853	15,566
Housing rents	11,935	(8,934)	3,001	3,032
Other - sundry debtors	158,061	(35,047)	123,014	114,038
<b>Total Other Entities and Individuals</b>	<b>229,484</b>	<b>(81,616)</b>	<b>147,868</b>	<b>132,636</b>
Central Government bodies	10,970	-	10,970	10,561
Other local authorities	1,509	-	1,509	1,571
NHS bodies	509	-	509	160
<b>Total debtors</b>	<b>242,472</b>	<b>(81,616)</b>	<b>160,856</b>	<b>144,928</b>
<b>Balance sheet debtors</b>	<b>242,472</b>	<b>(81,616)</b>	<b>160,856</b>	<b>144,928</b>
Current debtors not qualifying as a financial instrument under IFRS	(101,520)	37,635	(63,885)	(52,119)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>140,952</b>	<b>(43,981)</b>	<b>96,971</b>	<b>92,809</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 2022	31 March 2021
	£'000	£'000
Less than three months	35,031	29,971
Three to four months	2,218	1,754
Four months to one year	17,837	15,276
More than one year	50,514	46,848
<b>Total</b>	<b>105,599</b>	<b>93,849</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 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	314,654	300,066
Between 1 and 2 years	1,712	1,699
Between 2 and 3 years	1,738	1,724
More than 3 years	65,386	51,479
<b>Total</b>	<b>383,490</b>	<b>354,968</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	285,258	229,086
1 - 2 Years	18,492	13,853
2 - 5 Years	59,646	44,162
5 - 10 Years	76,191	90,722
10+ Years	407,490	425,754
<b>Total</b>	<b>847,077</b>	<b>803,577</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.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2022  £'000	%	Actual 31 March 2021  £'000	%
Less than 1 year	-	30	9,952	2%	4,966	1%
Between 1 and 2 years	-	40	-	0%	5,000	1%
Between 2 and 5 years	-	40	32,000	7%	20,000	4%
Between 5 and 10 years	-	50	22,000	5%	34,000	7%
More Than 10 Years	25	100	391,488	86%	391,488	87%
<b>Total</b>			<b>455,441</b>	<b>100%</b>	<b>455,454</b>	<b>100%</b>

Included within the maturity profile are £70m of LOBOS with maturities averaging 39 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 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31-Mar 2022 £'000
Increase in interest receivable on variable rate investments	2,429
Impact on Surplus or Deficit on the Provision of Services	2,429
Share of overall impact debited to the HRA	1,740
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	236,700

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

### Price risk

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

### Foreign exchange risk

During 2021/22 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.

	2021/22 £'000	2020/21 £'000
Opening Capital Financing Requirement	886,406	869,923
<b>Capital investment</b>		
Property, Plant and Equipment	129,299	107,527
Investment Properties	-	256
Heritage Assets	475	95
Intangible Assets	362	9,140
Long Term Investments / Debtors	1,131	1,660
Revenue Expenditure Funded from Capital under Statute	5,483	18,636
Capital Receipts set aside for repayment of debt	(1,970)	(1,386)
<b>Sources of finance</b>		
Capital receipts	(16,646)	(38,391)
Government grants and other contributions	(43,957)	(41,209)
Sums set aside from revenue:		
· Direct revenue contributions	(2,778)	(4,592)
· Use of Major Repairs Reserve	(29,290)	(21,642)
· MRP – City Council Debt	(14,381)	(13,611)
<b>Closing Capital Financing Requirement</b>	<b>914,134</b>	<b>886,406</b>
Explanation of movements in year		
Less Minimum Revenue Provision	(14,380)	(13,611)
Use of capital receipt for repayment of debt	(1,970)	(1,386)
Increase in underlying need to borrowing (unsupported by government financial assistance)	44,078	31,480
<b>Increase in Capital Financing Requirement</b>	<b>27,728</b>	<b>16,483</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:

	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	14,149	13,821
Later than one year and not later than five years	49,012	48,837
Later than five years	865,425	851,243
	<b>928,586</b>	<b>913,901</b>

The minimum lease payments receivable at 31 March 2022 and 2021 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 31<sup>st</sup> March 2022 cumulative payments totalling £161m (£151m in 2020/21) 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
2022/23	3,306	2,339	3,867	(199)	9,313
2023/24 to 2026/27	14,069	11,716	12,453	1,642	39,880
2027/28 to 2031/32	17,087	18,819	6,322	(529)	41,698
<b>Total</b>	<b>34,461</b>	<b>32,874</b>	<b>22,642</b>	<b>914</b>	<b>90,891</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 2022 cumulative payments totalling £234m (£215m in 2020/21) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	5,671	3,951	5,366	4,455	19,443
2023/24 to 2026/27	24,375	17,044	18,353	19,975	79,748
2027/28 to 2031/32	34,671	29,322	14,610	25,621	104,224
2032/33 to 2034/35	18,351	19,364	2,577	11,550	51,842
<b>Total</b>	<b>83,068</b>	<b>69,682</b>	<b>40,906</b>	<b>61,601</b>	<b>255,256</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 2022 payments totalling £35m (£32m at 31 March 2021) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	366	496	1,258	1,438	3,558
2023/24 to 2026/27	1,556	2,041	4,531	6,296	14,424
2027/28 to 2031/32	2,135	4,028	4,120	8,214	18,497
2032/33 to 2036/37	2,346	5,549	1,794	9,117	18,806
<b>Total</b>	<b>6,403</b>	<b>12,114</b>	<b>11,703</b>	<b>25,065</b>	<b>55,285</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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at the start of year	108,712	114,775	12,761	13,469
Movement in year	(6,157)	(6,063)	(646)	(708)
<b>Balance outstanding at year end</b>	<b>102,555</b>	<b>108,712</b>	<b>12,115</b>	<b>12,761</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 £1.5m 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
2022/23	30,782	2,315	265	33,362
2023/24 to 2026/27	108,595	8,354	459	117,408
<b>Total</b>	<b>139,377</b>	<b>10,669</b>	<b>724</b>	<b>150,770</b>

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

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at the start of year	108,712	114,775	12,761	13,469	11,388	12,311	132,861	140,555
Movement in year	(6,157)	(6,063)	(646)	(708)	(2,214)	(923)	(9,017)	(7,694)
<b>Balance outstanding at year end</b>	<b>102,555</b>	<b>108,712</b>	<b>12,115</b>	<b>12,761</b>	<b>9,174</b>	<b>11,388</b>	<b>123,844</b>	<b>132,861</b>

## 29 Debtors

		31 March 2022 £'000	31 March 2021 £'000
i	<b>Current debtors</b>		
	Trade receivables	28,981	21,451
	Prepayments	7,089	3,948
	VAT	11,462	9,632
	Other	113,324	109,897
	<b>Total</b>	<b>160,856</b>	<b>144,928</b>

Impairments for doubtful debts are detailed in Note 24.

		31 March 2022 £'000	31 March 2021 £'000
ii	<b>Long-term debtors</b>		
	Mortgages	190	190
	Capital loans (Probation/Fire/LEP/Bristol Waste)	24,109	10,865
	South Gloucestershire Council	327	354
	Former county Council debt	36,181	37,689
	<b>Total</b>	<b>60,807</b>	<b>49,098</b>



### 30 Inventories

	2021/22 £'000	2020/21 £'000
Stock	1,861	1,841
Work in Progress	25,117	9,819
Property constructed for sale	-	756
<b>Total</b>	<b>26,978</b>	<b>12,416</b>

### 31 Cash and Cash Equivalents

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

	2021/22 £'000	2020/21 £'000
Cash held by the Council	260	271
Bank current accounts	(19,709)	(20,702)
Short-term deposits with banks / building societies	133,184	142,003
<b>Total Cash and Cash Equivalents</b>	<b>113,735</b>	<b>121,572</b>

### 32 Creditors

	2021/22 £'000	2020/21 £'000
<b>Current liabilities</b>		
Trade payables	25,217	12,038
Other payables	179,339	142,329
Receipts in advance	93,169	61,006
<b>Total</b>	<b>297,725</b>	<b>215,373</b>

	2021/22 £'000	2020/21 £'000
<b>Other long-term liabilities</b>		
Service Concession contract liabilities (see Note 28)	116,238	123,910
Retirement benefit obligations (see Note 35)	1,025,888	1,127,918
Deferred liabilities	37,689	39,260
Rent Deposits	93	94
<b>Total</b>	<b>1,179,908</b>	<b>1,291,181</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 2022 the liability in the Council's Balance Sheet of £37.7m (2021: £39.3m) 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.

### 33 Provisions

	Balance at 31 March 2021	Additional provisions made in 2021/22	Amounts used in 2021/22	Balance at March 2022	Due < 1 year	Due > 1 year
	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation	(109)	-	109	-	-	-
Succession Planning	-	(1,080)	-	(1,080)	(1,080)	-
Insurance fund	(1,608)	(796)	629	(1,775)	(1,271)	(504)
NDR Provision for appeals	(25,521)	(18,143)	18,464	(25,200)	-	(25,200)
Legal	(498)	-	-	(498)	(498)	-
Winding up of Bristol Energy Ltd	(3,891)	-	3,891	-	-	-
Other	(411)	-	110	(301)	-	(301)
	<b><u>(32,038)</u></b>	<b><u>(20,019)</u></b>	<b><u>23,203</u></b>	<b><u>(28,854)</u></b>	<b><u>(2,849)</u></b>	<b><u>(26,005)</u></b>
Due < 1 year	(5,761)			(2,849)		
Due > 1 year	(26,277)			(26,005)		
	<b><u>(32,038)</u></b>			<b><u>(28,854)</u></b>		

Details of the provisions are shown in the table below:

Provision	Purpose
Business Transformation	Covers future exit costs arising from services management of change processes
Succession Planning	Covers the cost of exit costs arising from the Council's succession planning.
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

## 34 Unusable Reserves

	2021/22	31 March 2021
	£'000	£'000
Revaluation Reserve	(1,199,657)	(987,171)
Capital Adjustment Account	(1,579,816)	(1,510,865)
Financial Instruments Adjustment Account	6,721	6,898
Deferred Capital Receipt Reserve	(12,851)	(1,448)
Pensions Reserve	1,032,629	1,141,369
Collection Fund Adjustment Account – Council tax	7,526	4,539
Collection Fund Adjustment Account – NNDR	38,988	80,159
Collection Fund Adjustment Account – Growth / Renewable Energy Disregard	2,671	3,237
Accumulated Absences Account	10,108	13,388
Dedicated Schools Grant Adjustment Account	24,650	10,004
	<u>(1,669,030)</u>	<u>(1,239,890)</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.

	2021/22	2021/22	2020/21	2020/21
	£'000	£'000	£'000	£'000
Balance at 1 April		(987,171)		(861,614)
Upward revaluation of assets	(257,767)		(190,456)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	14,337		39,555	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(243,430)		(150,901)
Amount written off to the Capital Adjustment Account		30,944		25,344
<b>Balance at 31 March</b>		<u><b>(1,199,657)</b></u>		<u><b>(987,171)</b></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.

	2021/22	2020/21
	£'000	£'000
<b>Balance at 1 April</b>	(1,510,865)	(1,520,227)
<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	69,603	65,697
Revaluation losses on Property, Plant and Equipment	40,640	52,654
Amortisation of Intangible Assets	5,945	4,525
Movement in the fair value of financial Instruments	(75)	(1,597)
Revenue Expenditure Funded from Capital Under Statute	5,483	18,636
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	30,298	36,802
	(1,358,971)	(1,343,510)
Adjusting amounts written out of the Revaluation Reserve	(30,944)	(25,344)
Net written out amount of the cost of non-current assets consumed in the year	(1,389,915)	(1,368,854)
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(16,646)	(38,391)
Use of the Major Repairs Reserve to finance new capital expenditure	(29,290)	(21,642)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(43,957)	(41,209)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14,381)	(13,611)
Use of the Capital Receipts Reserve for repayment of Long-Term Investments financed by borrowing	(1,970)	(1,386)
Long Term Capital Investment repaid	1,970	1,386
Capital expenditure charged against the General Fund and HRA balances	(2,778)	(4,592)
	(1,496,967)	(1,488,299)
Movements in the market value of Investments debited or credited to the Comprehensive Income and Expenditure Statement	(82,849)	(22,566)
<b>Balance at 31 March</b>	<b>(1,579,816)</b>	<b>(1,510,865)</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 2022 will be charged to the General Fund over the next 38 years.

	2021/22	2021/22	2020/21	2020/21
	£'000	£'000	£'000	£'000
Balance at 1 April		6,898		7,076
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	(177)		(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		(177)		(178)
<b>Balance at 31 March</b>		<b>6,721</b>		<b>6,898</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.

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	(1,448)	-
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the comprehensive income and expenditure statement	(12,851)	(1,448)
Transfer to the capital receipts reserve upon receipt of cash	1,448	-
<b>Balance at 31 March</b>	<b>(12,851)</b>	<b>(1,448)</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.

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	1,141,369	993,905
Remeasurements on pensions assets and liabilities	(164,056)	112,346
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	105,138	83,834
Employer's pensions contributions and direct payments to pensioners payable in year	(49,822)	(48,716)
<b>Balance at 31 March</b>	<b>1,032,629</b>	<b>1,141,369</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.

	2021/22 £'000	2020/21 £'000
Balance at 1 April	87,935	(477)
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	(38,749)	88,412
<b>Balance at 31 March</b>	<b>49,186</b>	<b>87,935</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.

	2021/22 £'000	2021/22 £'000	2020/21 £'000	2020/21 £'000
<b>Balance at 1 April</b>		13,388		6,604
Settlement or cancellation of accrual made at the end of the preceding year	(13,388)		(6,604)	
Amounts accrued at the end of the current year	10,108		13,388	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(3,280)		6,784
<b>Balance at 31 March</b>		<b>10,108</b>		<b>13,388</b>

## Dedicated Schools Grant Adjustment Account

Regulations effective from 1<sup>st</sup> 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<sup>st</sup> April 2020, 1<sup>st</sup> April 2021 or 1<sup>st</sup> 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<sup>st</sup> 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.

	2021/22 £'000	2020/21 £'000
Balance at 1 April	10,004	-
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	14,646	7,112
<b>Balance at 31 March</b>	<b>24,650</b>	<b>10,004</b>

## 35 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 2021/22 was 24.99% resulting in a total payment of £10.864m (£10.309m in 2020/21) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.492m (£2.506m in 2020/21) 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 £1.586m (£1.690m in 2020/21). 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 2021/22 a total payment of £0.402m (£0.35m in 2020/21) 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>Income and Expenditure Account</b>				
<b>Net cost of services</b>				
Current service cost	84,900	64,432	-	-
Past service gains/curtailment costs/Settlements	(4,184)	(4,332)	-	-
Administration expense	1,251	1,211	-	-
<b>Financing and Investment Income</b>				
<b>Expenditure</b>				
Net interest cost	21,860	21,068	1,311	1,455
<b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>103,827</b>	<b>82,379</b>	<b>1,311</b>	<b>1,455</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurements (assets/liabilities)	(164,233)	107,833	177	4,513
<b>Movement in Reserves Statement</b>				
Reversal of net charges made for retirement benefits in accordance with IAS19	(103,827)	(82,379)	(1,311)	(1,455)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to scheme	45,741	44,519	4,081	4,197

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2021/22 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>01-Apr</b>	(2,925,287)	(2,514,914)	(34,356)	(33,688)	(64,492)	(62,721)	(3,024,135)	(2,611,323)
Current service cost	(84,900)	(64,432)	-	-	-	-	(84,900)	(64,432)
Interest on pension liabilities	(60,666)	(59,629)	(692)	(776)	(1,311)	(1,455)	(62,669)	(61,860)
Contributions by scheme participants	(13,731)	(13,196)	-	-	-	-	(13,731)	(13,196)
Remeasurement (liabilities)								
Experience gain/(loss)	(8,018)	54,877	(94)	786	(180)	998	(8,292)	56,661
Gain/(loss) on financial assumptions	1,601	(404,302)	-	(3,408)	(617)	(5,511)	984	(413,221)
Gain/(loss) on demographic assumptions	22,566	-	237	-	620	-	23,423	-
Benefits paid	72,863	69,098	2,705	2,730	4,081	4,197	79,649	76,025
Past service grants, curtailment costs and settlements	9,974	7,211	-	-	-	-	9,974	7,211
<b>31-Mar</b>	<b>(2,985,598)</b>	<b>(2,925,287)</b>	<b>(32,200)</b>	<b>(34,356)</b>	<b>(61,899)</b>	<b>(64,492)</b>	<b>(3,079,697)</b>	<b>(3,024,135)</b>

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

	2021/22	2020/21
	£'000	£'000
<b>01-Apr</b>	1,896,322	1,617,523
Interest on plan assets	39,337	39,337
Remeasurement (assets)	244,214	244,214
Administration expense	(1,211)	(1,211)
Settlements	(2,879)	(2,879)
Employer contributions	57,970	57,970
Contributions by scheme participants	13,196	13,196
Benefits paid	(71,828)	(71,828)
<b>31-Mar</b>	<b>2,175,121</b>	<b>1,896,322</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 £187,439m (2020/21 £283,551m).

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

	2021/22	2020/21	2019/20
	£'000	£'000	£'000
<b>Present value of liabilities:</b>			
Local Government Pension Scheme	(3,017,798)	(2,959,643)	(2,548,602)
Teachers' unfunded liabilities	(61,899)	(64,492)	(62,721)
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>2,053,915</b>	<b>1,896,322</b>	<b>1,617,523</b>
<b>Surplus/(deficit) in the scheme:</b>			
Local Government Pension Scheme	(963,883)	(1,063,321)	(931,079)
Teachers' unfunded liabilities	(61,899)	(64,492)	(62,721)
<b>Total</b>	<b>(1,025,782)</b>	<b>(1,127,813)</b>	<b>(993,800)</b>

The total liabilities shown in the Balance Sheet comprise the above (£1,025,782m) together with a small amount in respect of pre-1974 liabilities (£0.105m) totalling (£1,025,887m).

## 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 2020.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2021/22	2020/21	2021/22	2020/21
<b>Mortality assumptions:</b>				
Longevity at 65 for current pensioners:				
Men	23.1	23.3	23.1	23.3
Women	25.3	25.4	25.3	25.4
Longevity at 75 for current pensioners:				
Men	-	-	14.3	14.4
Women	-	-	16.1	16.2
Longevity at 65 for future pensioners:				
Men	24.6	24.8	-	-
Women	27.3	27.4	-	-
	%	%	%	%
Rate for discounting scheme liabilities	2.8	2.1	2.8	2.1
Rate of inflation - CPI	3.4	2.7	3.5	2.7
Rate of increase in salaries	4.9	4.2	-	-
Rate of increase in pensions	3.5	2.8	2.8	2.8

The estimated Macaulay duration of liabilities (at later of 31 March 2020 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 2022.

Impact on the Defined Benefit Obligation in the Scheme (LGPS)	2021/22 £'000	2020/21 £'000
Longevity (increase or decrease by 1 year)	95,116	93,692
Rate of inflation (increase or decrease by 0.1%)	53,125	51,775
Rate of increase in salaries (increase or decrease by 0.1%)	4,325	4,865
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(51,281)	(49,860)

Impact on the Defined Benefit Obligation in the Scheme (Teachers)	2021/22 £'000	2020/21 £'000
Longevity (increase or decrease by 1 year)	2,396	2,444
Rate of inflation (increase or decrease by 0.1%)	635	657
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(568)	(588)

#### Local Government Pension Scheme assets comprise

Asset Category	Sub-Category	Quoted (Y/N)	31 March 2022 £'000	31 March 2021 £'000
Equities	UK Quoted	Y	-	-
	Global Quoted	Y	834,765	608,560
	Emerging Markets	Y	-	102,582
	<b>Sub-total equities</b>		<b>834,765</b>	<b>711,142</b>
Bonds	UK Government Indexed	Y	254,567	267,857
	Sterling Corporate Bonds	Y	153,395	160,392
	<b>Sub-total bonds</b>		<b>407,962</b>	<b>428,249</b>
Property	Property Funds		136,639	136,536
	<b>Sub-total property</b>		<b>136,639</b>	<b>136,536</b>
Alternatives	Hedge Funds	Y	59,239	98,877
	Diversified Growth Funds	Y	188,636	179,339
	Infrastructure	Y	179,772	147,399
	Secured Income	Y	163,665	100,279
	EFT's	Y	36,646	38,860
	Private Debt	Y	14,053	-
	<b>Sub-total alternatives</b>		<b>778,650</b>	<b>564,754</b>
Cash and equivalents	Cash Accounts	Y	32,538	55,641
	<b>Sub-total cash</b>		<b>32,538</b>	<b>55,641</b>
<b>Total Assets</b>			<b>2,053,915</b>	<b>1,896,322</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 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 £39.032m. Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2022 are £4.081m.

## **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.

## 36 Cash Flow Statement – Operating Activities

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

	2021/22 £'000	2020/21 £'000
Interest received	4,901	5,842
Interest paid	(33,806)	(33,652)
Dividends received	2,221	2,092

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

	2021/22 £'000	2020/21 £'000
Depreciation, impairment and downward revaluations	110,243	118,351
Amortisation	5,945	4,525
Increase/(decrease) in impairment for bad debt	1,317	2,131
(Decrease)/increase in creditors	75,619	44,001
(Increase)/decrease in debtors	(16,628)	(34,145)
(Increase)/decrease in inventories	(14,562)	(2,250)
Movement in pension liability	62,027	21,667
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	29,293	25,545
Other non-cash items charged to the net surplus or deficit on the provision of services	(86,651)	(27,557)
<b>Net cash flows from non-cash movements</b>	<b>166,603</b>	<b>152,268</b>

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

	2021/22 £'000	2020/21 £'000
Any other items for which the cash effects are investing or financing cash flows	(43,957)	(41,604)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(29,332)	(41,934)
	<b>(73,289)</b>	<b>(83,538)</b>



### 37 Cash Flow Statement - Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(132,850)	(106,008)
Purchase of short-term and long-term investments	(183,000)	(294,800)
Other (payments)/receipts for investing activities	(1,710)	(5,090)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	15,635	40,291
Proceeds from short-term and long-term investments	144,000	318,600
Other receipts from investing activities	79,842	67,733
<b>Net cash flows from investing activities</b>	<b>(78,083)</b>	<b>20,726</b>

### 38 Cash Flow Statement - Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short- and long-term borrowing	-	224
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(9,017)	(8,809)
Repayments of short- and long-term borrowing	(1,570)	(11,586)
Council tax and NNDR adjustments	3,500	(4,928)
<b>Net cash flows from financing activities</b>	<b>(7,088)</b>	<b>(25,099)</b>

### 39 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 2022
Bristol Holdings Limited	100% subsidiary The Council has one Director post on the Board.	£112.6k recharges from BCC and £3.5k recharges to BCC	Recharges	£178.5k preference share interest owed to BCC
Bristol Waste Company	100% subsidiary of Bristol Holding Limited The Council has one Director post on the Board.	£50.5m payments by Council to company £1.3m recharges from Company to Council	Contract for waste collection and recycling services Recharges	£8.4m loan from BCC for the acquisition of waste vehicles.
Goram Homes Ltd	100% subsidiary of Bristol Holdings Limited. The Council has one Director post on the Board.	£15.4m loan	Development of building projects	£15.4m loan
Bristol Heat Networks Limited (formally Energy Service Bristol Limited)	100% subsidiary of Bristol Holdings Limited. The Council has one Director post on the Board.	£0.3m loan	Operation of heat network energy centres	£0.3m loan
Bristol Energy & Technology Services (Supply) Limited	100% subsidiary of Bristol Holdings Limited The Council has one Director post on the Board. The company is currently dormant.	None	N/A	Nil
Bristol is Open Limited	100% owned subsidiary The Council has one Director posts on the Board.	None	N/A	Nil
Bristol Local Education Partnership (LEP) Ltd	Joint venture with BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and IIC Bristol Infrastructure Limited 80%. The Council has one director post on the board.	£13.9m payments to the company	Provision of ICT and construction services to schools in Bristol.	Nil
City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Bristol Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
Bristol City Leap Ltd	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil
City Leap Energy Partnership Limited	100% owned subsidiary. The Council has one director post on the board. The Company is currently dormant.	None	N/A	Nil

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

### 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.

## 40 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 2021/22 is £10.261m (2020/21 £9.750m). There has been no change to the Council's assets or liabilities arising from the transfer of functions to WECA.

## **41      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 2022, litigation proceedings had not commenced and no claims have been received.

## HRA Income and Expenditure Statement

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

	Note	2021/22 Net £'000	2020/21 Net £'000
<b>Expenditure</b>			
Repairs and maintenance		35,786	31,450
Supervision and management		32,309	29,959
Special services		12,501	9,769
Rent, rates, taxes and other charges		662	1,117
Depreciation and impairment of non-current assets	4	34,037	30,381
Debt management		36	37
Debt write offs and movement in the allowance for bad debts		627	1,628
<b>Total expenditure</b>		<b>115,959</b>	<b>104,341</b>
<b>Income</b>			
Dwelling rents	2	(112,501)	(113,814)
Non-dwelling rents		(919)	(1,017)
Charges for services and facilities		(9,614)	(8,301)
Contributions towards expenditure		9	(4)
<b>Total income</b>		<b>(123,025)</b>	<b>(123,136)</b>
<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>(7,066)</b>	<b>(18,795)</b>
Net cost of HRA services		<b>(7,066)</b>	<b>(18,795)</b>
(Gain) on sale of HRA non-current assets		(2,602)	(12,423)
Movement in the Fair Value of Investment Properties		(792)	379
Interest payable and similar charges		11,193	11,210
HRA interest and investment income		(288)	(359)
Pensions interest costs and expected return on assets	5	2,609	2,472
Capital Grants and Contributions Receivable		(477)	(481)
<b>(Surplus) for the year on HRA services</b>		<b>2,577</b>	<b>(17,997)</b>

## Statement of movement on the HRA Balance

	Note	31 March 2022 Net £'000	31 March 2021 Net £'000
HRA balance brought forward		(98,391)	(87,526)
(Surplus) for the year on the HRA Income and Expenditure Account		2,577	(17,997)
Adjustments between accounting basis and funding basis under statute		(6,367)	7,082
<b>(Increase) before reserve transfers</b>		<b>(3,789)</b>	<b>(10,915)</b>
Transfer from/to reserves		-	50
<b>Net (increase) on HRA balance</b>		<b>(3,789)</b>	<b>(10,865)</b>
<b>HRA balance carried forward</b>		<b>(102,180)</b>	<b>(98,391)</b>

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

	Note	31 March 2022 Net £'000	31 March 2021 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	(33,567)	(29,993)
Amortisation of Intangible Fixed Assets	4	(470)	(388)
Fair value movements on investment properties		792	(379)
Net charges made for retirement benefits in accordance with IAS19	5	(12,169)	(9,542)
Net gain/loss on disposal of assets		2,602	12,423
Capital Grants and Other Contributions	6	477	481
		<b>(42,335)</b>	<b>(27,398)</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	177	408
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	4,896	4,740
Transfer to Major Repairs Reserve	8	-	-
HRA depreciation to Major Repairs Reserve	8	30,896	29,332
Amortisation of premiums			
		<b>35,969</b>	<b>34,480</b>
<b>Net additional amount required by statute to be debited or credited to the HRA Balance for the year</b>		<b>(6,367)</b>	<b>7,082</b>

## Notes to the Housing Revenue Account

### 1 Dwelling numbers as at 31 March 2022

	31 March 2022	31 March 2021
Houses	11,222	11,285
Bungalows	1,079	1,081
Flats	14,560	14,561
<b>Total Dwellings held at 31 March 2022</b>	<b>26,861</b>	<b>26,927</b>

### 2 Rent and Rent Arrears

The total value of dwelling rents in 2021/22, less rent attributable to empty properties (voids), is £112.5m (£113.8m in 2020/21). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc are:

	31 March 2022 £'000	31 March 2021 £'000
Former tenants	2,222	3,081
Current tenants	9,713	10,042
	<b>11,935</b>	<b>13,123</b>
<b>Balance Sheet Provision</b>		
Former tenants	1,784	2,698
Current tenants	7,150	7,393
	<b>8,934</b>	<b>10,091</b>

### Vacant Possession

The vacant possession value of dwellings as at 1st April 2022 was £5.264bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.942bn, a difference of £3.322bn. 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 2021/22 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

	2021/22 £'000	2020/21 £'000
<b>Depreciation</b>		
Operational Assets - Dwellings	30,188	28,756
- Other, including leased	708	576
	<b>30,896</b>	<b>29,332</b>
Intangible Fixed Assets	470	388
<b>Total depreciation</b>	<b>31,366</b>	<b>29,720</b>
Revaluation losses	2,671	661
Reversal of impairment losses	-	-
<b>Total depreciation and impairment</b>	<b>34,037</b>	<b>30,381</b>

#### Impairment

There was a loss on revaluation of £2.7m charged to the surplus on provision of Services (2020/21: £0.661m).

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

For 2021/22 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.6m (2020/21 £2.5m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the Council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of £12.2m (2020/21 (£9.5m)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £4.9m (2020/21 (£4.7m)) with the net movement on the Pension reserves of £7.3m (2020/21 £4.8m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see Note 35.

#### 6 Capital Expenditure and financing

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

Expenditure	2021/22 £'000	2020/21 £'000
Dwellings	39,241	38,637
Other Assets	177	408
	<b>39,418</b>	<b>39,045</b>
<b>Financing</b>		
Usable capital receipts	9,474	16,514
Revenue contributions to capital	177	408
Major Repairs Reserve	29,290	21,642
Other	477	481
	<b>39,418</b>	<b>39,045</b>



## 7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £14m (£35.3m in 2020/21). The receipts are summarised as follows:

	2021/22 £'000	2020/21 £'000
Receipts unapplied brought forward - 1 April	67,231	50,550
Right to Buy sales	12,616	8,021
Mortgage repayments	-	3
Disposal of Land and Buildings	1,404	27,287
	<b>81,251</b>	<b>85,861</b>
Allowable reductions		
Repaid to MHCLG	(2,112)	(2,115)
Capital receipts applied	9,474	(16,515)
Capital receipts applied to GF	-	-
<b>Capital receipts unapplied carried forward - 31 March</b>	<b>88,613</b>	<b>67,231</b>

## 8 Major Repairs Reserve

	2021/22 £'000	2020/21 £'000
Balance brought forward - 1 April	<b>(11,296)</b>	<b>(3,606)</b>
Capital expenditure (dwellings)	29,290	21,642
Major Repairs Allowance set aside in year	(30,896)	(29,332)
Excess depreciation credited to Statement of Movement on HRA Balance	-	-
<b>Balance carried forward - 31 March</b>	<b>(12,902)</b>	<b>(11,296)</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 £30.9m for 2021/22 (2020/21 - £29.3m). £29.3m was used to finance appropriate Housing Revenue Account capital expenditure.

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

	2021/22 £'000	2020/21 £'000
Dwellings	1,945,189	1,751,522
Land	41,624	38,785
Other assets	18,149	28,562
	<b>2,004,962</b>	<b>1,818,869</b>

## 10 Asset Split

	2021/22 £'000	2020/21 £'000
Operational - dwellings	1,945,189	1,751,522
Operational - other land and buildings	52,782	60,848
Non-operational	6,991	6,199
Intangible	1,294	1,587
Other	-	-
	<b>2,006,256</b>	<b>1,820,156</b>

## Collection Fund

### Collection Fund Income and Expenditure Account

31 March 2021

31 March 2022

£'000	£'000	£'000			£'000	£'000	£'000
Business Rates	Council Tax	Total		Note	Business Rates	Council Tax	Total
<b>Income</b>							
-	266,356	266,356	Council Tax		-	283,272	283,272
137,951	-	137,951	Non-Domestic Rates		181,924	-	181,924
(3,254)	-	(3,254)	Transitional Protection Payment		(3,743)	-	(3,743)
<b>Contributions towards previous years</b>							
<b>Collection Fund Deficit:</b>							
-	-	-	Central Government		-	-	-
1,673	-	1,673	Bristol City Council		84,946	2,549	87,495
-	-	-	Avon & Somerset Police and Crime Commissioner		-	330	330
18	-	18	Avon Fire Authority		904	109	1,013
89	-	89	West of England Combined Authority		4,518	-	4,518
136,478		402,834			268,549	286,260	554,809
	266,356						
<b>Expenditure</b>							
<b>Apportionment of Previous Years</b>							
<b>Surplus</b>							
-	-	-	Central Government		-	-	-
-	37	37	Bristol City Council		-	-	-
-	4	4	Avon & Somerset Police and Crime Commissioner		-	-	-
-	2	2	Avon Fire Authority		-	-	-
-	-	-	West of England Combined Authority		-	-	-
-	43	43			-	-	-
<b>Precepts, Demands and Shares</b>							
197,854	226,055	423,910	Bristol City Council		197,435	236,198	433,634
-	29,289	29,289	Avon & Somerset Police and Crime Commissioner		-	30,862	30,862
2,105	9,635	11,740	Avon Fire Authority		2,100	9,779	11,880
10,524	-	10,524	West of England Combined Authority		10,502	-	10,502
210,483	264,979	475,462			210,038	276,839	486,877
<b>Charges to the Collection Fund</b>							
649	1,237	1,885	Write offs of uncollectable amounts		104	1,280	1,384
6,551	3,723	10,274	Increase/(Decrease) in bad debt provision		8,594	11,662	20,256
702	-	702	Cost of Collection Allowance		698	-	698
4,716	-	4,716	Disregarded amounts		5,657	-	5,657
-	-	-	Prior year adjustment		-	-	-
(2,056)	-	(2,056)	Increase/(Decrease) in provision for appeals		(341)	-	(341)
10,561	4,960	15,521			14,712	12,941	27,654
(84,567)	(3,626)	(88,193)	Surplus/ (Deficit) for the year		43,799	(3,520)	40,279
314	(1,695)	(1,381)	Surplus/ (Deficit) as at 1 April		(84,253)	(5,321)	(89,574)
(84,253)	(5,321)	(89,574)	Surplus/ (Deficit) as at 31 March		(40,454)	(8,841)	(49,295)

## Notes to the Collection Fund Income and Expenditure Account

### 1 General

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

### 2 Council tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 127,950 for 2021/22 (128,566 for 2020/21). 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 £2,163.65 for 2021/22 (£2,061.03 for 2020/21) 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 2021/22 council tax

	<i>BANDS</i>									
	<i>A Entitled to Disabled Relief</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>Total</i>
<i>No of Properties</i>	0	53,191	74,349	39,792	18,833	9,825	4,819	2,861	341	204,011
<i>Exemptions and disabled relief</i>	(36)	(2,865)	(1,529)	(1,469)	(1,301)	(1,094)	(210)	(51)	10	(8,545)
<i>Less Discounts</i>	68	(5,546)	(5,596)	(2,760)	(1,132)	(517)	(209)	(130)	(63)	(15,883)
<i>Total Equivalent Dwellings</i>	32	44,781	67,224	35,563	16,400	8,215	4,400	2,680	288	179,583
<i>Ratio</i>	5/9	6/9	7/9	1	1	11/9	13/9	15/9	18/9	
<i>Band D Equivalents</i>	18	29,854	52,286	31,612	16,400	10,040	6,355	4,467	577	151,608
<i>Add Changes re: Additional Properties</i>										2,045
<i>Additional Exemptions</i>										(2,673)
<i>Council Tax Support</i>										(21,081)
<i>Rate of Collection 98.5%</i>										(1,948)
<i>Council Tax Base</i>										<u>127,950</u>

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

Council Tax	Total	Bristol City Council	Police & Crime Commissioner	Avon Fire Authority
	£'000	£'000	£'000	£'000
Debtors	38,188	32,552	4,301	1,335
Bad debt allowance	(25,053)	(21,356)	(2,822)	(876)
Prepayments and overpayments	(3,571)	(3,044)	(402)	(125)
Surplus/ (Deficit) at 31 March	<b>(8,841)</b>	<b>(7,526)</b>	<b>(998)</b>	<b>(317)</b>

Business Rates	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
	£'000	£'000	£'000	£'000	£'000
Debtors	28,655	26,936	1,433	287	
Bad debt allowance	(17,318)	(16,279)	(866)	(173)	
Prepayments and overpayments	(8,750)	(8,225)	(438)	(88)	
Appeals provision	(26,809)	(25,200)	(1,340)	(268)	
Surplus/ (Deficit) at 31 March	<b>(43,125)</b>	<b>(41,660)</b>	<b>(325)</b>	<b>(86)</b>	<b>(1,055)</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 2021/22 the non-domestic rating multiplier was 51.2p (51.2p in 2020/21) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2020/21).

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 £173.567m for 2021/22 (£132.808m for 2020/21). The significant change is due to specific COVID-19 reliefs given. The total rateable value at 31 March 2022 was £545.728m (£556.356m at 31 March 2021).

## 5 City Region Deal Growth Disregard

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

### City Region Deal

#### Background

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

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

#### Transactions

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

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

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

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
<b>Funds held by BRP at 1 April</b>	(55,830)	(14,363)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(25,826)	(5,820)	3,954	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	9,066	2,787	-	(2,729)
- BRP management fee	35	9	-	-
- EDF management fee	65	16	-	-
- Tier 2 EDF funding	3,397	640	-	(703)
-Tier 3 demographic and service pressures	2,739	501	-	(646)
<b>Funds held by BRP at 31 March</b>	<b>(66,354)</b>	<b>(16,230)</b>		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(4,055)	(2,017)	n/a	n/a
Committed cash (Tier 3)	(62,299)	(14,213)	n/a	n/a
<b>Expenditure/(Revenue) recognised</b>	<b>(66,354)</b>	<b>(16,230)</b>	<b>3,954</b>	<b>(4,078)</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 £2,017m 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 made a payment of £0.703m to Bristol City Council on behalf of the EDF in 2021/22 (2020/21: £0m.)

The Council itself has recognised revenue income of £4.078m (2020/21 £4.406m) from the BRP and expenditure of £3.954m (2020/21 £4.947m) to the BRP for the year.

## Group Accounts

### Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

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

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

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

The following pages include:

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



## Group Financial Statements

### The Group Comprehensive Income and Expenditure Account as at 31 March 2022

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

2020/21			2021/22		
Gross Exp £'000	Gross Income £'000	Net Exp £'000	Gross Exp £'000	Gross Income £'000	Net Exp £'000
417,307	(212,528)	204,779	454,856	(210,728)	244,128
240,082	(164,300)	75,782	238,121	(148,474)	89,647
297,632	(115,130)	182,502	244,831	(95,557)	149,274
104,341	(123,136)	(18,795)	115,959	(123,026)	(7,067)
212,076	(201,110)	10,966	228,498	(204,964)	23,534
9,860	(903)	8,957	6,692	(889)	5,803
<b>1,281,298</b>	<b>(817,107)</b>	<b>464,191</b>	<b>1,288,957</b>	<b>(783,638)</b>	<b>505,319</b>
		7,937			11,780
		9,097			(50,705)
		(473,173)			(454,781)
		<b>8,052</b>			<b>11,613</b>
		(150,901)			(243,430)
		112,632			(162,172)
		-			-
		(38,269)			(405,602)
		<b>(30,217)</b>			<b>(393,989)</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	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account Earmarked	Sub Total - Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjusted Balance at 1 April 2020		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	(14,949)	1,653,805
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)	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)
Total Comprehensive Expenditure and Income		(30,208)	-	-	(30,208)	17,997	-	17,997	-	-	-	(12,211)	38,555	26,344	3,873	30,217
Adjustments between accounting basis and funding basis under regulations	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	3,873	30,217
Transfers to/(from) Earmarked Reserves	19	(123,543)	123,317	226	-	(651)	651	-	-	-	-	-	-	-		-
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	3,873	30,217
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	(11,077)	1,684,021

Movement in Reserves during 2021/22																
Surplus or (deficit) on the provision of services		(13,403)	-	-	(13,403)	(2,577)	-	(2,577)	-	-	-	(15,980)	-	(15,980)	56,751	40,770
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	-	407,486	407,486	(1,884)	405,602
Adjustments between group accounts and authority accounts		-	-	-	-	-	-	-	-	-	-	-	-	-	(52,382)	(52,383)
Total Comprehensive Expenditure and Income		(13,403)	-	-	(13,403)	(2,577)	-	(2,577)	-	-	-	(15,980)	407,486	391,506	2,485	393,989
Adjustments between accounting basis and funding basis under regulations	18	(31,385)	-	-	(31,385)	6,367	-	6,367	1,283	1,606	475	(21,654)	21,654	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(44,788)	-	-	(44,788)	3,789	-	3,789	1,283	1,606	475	(37,634)	429,140	391,506	2,485	393,989
Transfers to/(from) Earmarked Reserves	19	49,196	(47,272)	(1,924)	-	(4)	4	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2021/22		4,408	(47,272)	(1,924)	(44,788)	3,785	4	3,789	1,283	1,606	475	(37,634)	429,140	391,506	2,485	393,989
Balance at 31 March 2022 Carried Forward		40,074	173,435	5,604	219,113	101,576	655	102,231	79,775	12,902	3,555	417,575	1,669,030	2,086,605	(8,592)	2,078,010

## Group Consolidated Balance Sheet as at 31 March 2022

31-Mar-21 £'000		Note	31-Mar-22 £'000
2,827,555	Property, Plant & Equipment		3,055,966
207,406	Heritage Assets		215,256
20,573	Intangible Assets		14,991
275,903	Investment Property		356,640
38,678	Long Term Investments	G10	48,848
38,666	Long Term Debtors		34,627
<b>3,408,781</b>	<b>Long Term Assets</b>		<b>3,726,328</b>
64,983	Short Term Investments	G10	103,948
12,431	Inventories		26,998
148,071	Short Term Debtors	G3	171,569
148,308	Cash and Cash Equivalents		142,542
806	Assets held for sale		806
<b>374,599</b>	<b>Current assets</b>		<b>445,863</b>
(20,702)	Cash and Cash Equivalents		(19,709)
(4,966)	Short Term Borrowing	G10	(9,952)
(227,860)	Short Term Creditors	G4	(308,917)
(5,760)	Provisions		(2,849)
(44,448)	Capital grants received in advance		(71,814)
<b>(303,736)</b>	<b>Current liabilities</b>		<b>(413,241)</b>
(450,488)	Long Term Borrowing	G10	(445,488)
(26,277)	Provisions		(26,005)
(1,285,527)	Other Long Term Liabilities		(1,178,141)
(33,331)	Capital Grants Receipts in Advance		(31,306)
<b>(1,795,623)</b>	<b>Long-term liabilities</b>		<b>(1,680,940)</b>
<b>1,684,021</b>	<b>Net assets</b>		<b>2,078,010</b>
(451,769)	Usable Reserves		(422,437)
(1,232,252)	Unusable Reserves	G5	(1,655,573)
<b>(1,684,021)</b>	<b>Total reserves</b>		<b>(2,078,010)</b>

## Group Cash Flow Statement for the year ended 31 March 2022

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.

2020/21			2021/22
£'000		Note	£'000
(8,057)	Net surplus on the provision of services		(11,613)
143,977	Adjustment to net surplus on the provision of services for non-cash movements	G6	165,347
(83,538)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G6	(73,289)
52,382	Net cash flows from Operating Activities		80,445
20,396	Investing Activities	G7	(78,132)
(25,099)	Financing Activities	G8	(7,088)
47,679	Net increase (decrease) in Cash and Cash Equivalents		(4,774)
79,927	Cash and Cash Equivalents at the beginning of the reporting period		127,606
<b>127,606</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>122,832</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	In liquidation therefore no requirement to produce accounts. Not 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 2022 the Council has invested £37.153m in Bristol Holding Limited. This was made up of £36.550m ordinary shares and £603m cumulative redeemable preference shares.

### **Bristol Waste Company Limited**

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

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

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

## **Goram Homes Limited**

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

In September 2021, the Council approved Goram Homes joint venture plans for 268 new homes at Romney House, Lockleaze. The site was transferred during 2021/22 to Goram Homes joint venture in return for £12.9m of repayable loan notes. 147 homes (55%) will be affordable and managed by Bristol City Council.

## **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 39).

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

The Statement of Accounts was authorised for issue by the Director of Finance on 26 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 26 July 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## **Group financial position**

The closing net deficit balance of the group is £40.3m 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 £2.6m and gross expenditure of £3.9m associated outside of the group boundary.

## **Revenue from Contracts with Customers**

Further to a review of this area, the Group can confirm that there is no material contractual revenue income from customers to disclose. There is therefore nothing to disclose in relation to the introduction of IFRS 15-Revenues from Contracts with Customers.

## G2 Financing and Investment Income and Expenditure

	31 March 2022 £'000	31 March 2021 £'000
Interest payable and similar charges	27,402	36,671
Loss Allowance (Financial Guarantee Contracts)	-	(5,379)
Changes in the Fair Values of Financial Instruments*	325	(2,301)
Pensions net interest cost	23,171	22,523
Interest receivable and similar income	(7,058)	(9,282)
Income and expenditure in relation to Investment Properties	(11,696)	(10,569)
Changes in fair value of Investment Properties	(82,849)	(22,566)
<b>Total</b>	<b>(50,705)</b>	<b>9,097</b>

## G3 Current Debtors

	31 March 2022 £'000	31 March 2021 £'000
<b>Current debtors</b>		
Trade Receivables	34,443	24,836
Prepayments	12,340	4,677
VAT	11,462	9,632
Other	113,324	108,926
<b>Total</b>	<b>171,569</b>	<b>148,071</b>

## G4 Creditors

	31 March 2022 £'000	31 March 2021 £'000
<b>Current liabilities</b>		
Trade Payables	21,106	10,690
Other Payables	183,694	147,659
Receipts In Advance	104,117	69,511
<b>Total</b>	<b>308,917</b>	<b>227,860</b>

## G5 Unusable Reserves

	31 March 2022 £'000	31 March 2021 £'000
Revaluation Reserve	(1,199,657)	(987,171)
Capital Adjustment Account	(1,571,526)	(1,505,872)
Financial Instruments Adjustment Account	6,721	6,898
Deferred Capital Receipt Reserve	(12,851)	(1,448)
Pensions Reserve	1,037,796	1,144,014
Collection Fund Adjustment Account	49,186	87,935
Accumulated Absences Account	10,108	13,388
Dedicated Schools Grant Adjustment Account	24,650	10,004
	<b>(1,655,573)</b>	<b>(1,232,252)</b>

## G6 Cash Flow Statement

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

	2021/22 £'000	2020/21 £'000
Interest received	4,901	634
Interest paid	(33,870)	(34,003)
Dividends received	2,221	1,954

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

	2021/22 £'000	2020/21 £'000
Depreciation, impairment and downward revaluations	110,243	120,197
Amortisation	5,945	4,525
Increase/(decrease) in impairment for bad debt	1,317	2,131
(Decrease)/increase in creditors	74,700	12,827
(Increase)/decrease in debtors	(16,245)	(12,774)
(Increase)/decrease in inventories	(14,567)	(2,455)
Movement in pension liability	61,469	21,109
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	29,293	25,545
Other non-cash items charged to the net surplus or deficit		
On the provision of services	(86,808)	(27,128)
<b>Net cash flows from non-cash movements</b>	<b>165,347</b>	<b>143,977</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2021/22 £'000	2020/21 £'000
Any other items for which the cash effects are investing or financing cash flows	(43,957)	(41,934)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(29,332)	(41,604)
	<b>(73,289)</b>	<b>(83,538)</b>



## G7 Cash Flow Statement - Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(132,899)	(107,018)
Purchase of short-term and long-term investments	(183,000)	(294,800)
Other (payments)/receipts for investing activities	(1,710)	(4,410)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	15,635	40,291
Proceeds from short-term and long-term investments	144,000	318,600
Other receipts from investing activities	79,842	67,733
<b>Net cash flows from investing activities</b>	<b>(78,132)</b>	<b>20,396</b>

## G8 Cash flow Statement - Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short- and long-term borrowing	-	224
Cash payments for the reduction of outstanding liabilities relating to Finance leases and on-Balance Sheet PFI contracts	(9,017)	(8,809)
Repayments of short and long-term borrowing	(1,570)	(11,586)
Council tax and NNDR adjustments	3,500	(4,928)
<b>Net cash flows from financing activities</b>	<b>(7,088)</b>	<b>(25,099)</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.

2021/22				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
<b>Bristol Waste Company</b>							
Managing Director	Apr' 21 – Mar' 22			126,586	-	10,815	<b>137,401</b>
Finance Director	Apr' 21 – Mar' 22			114,827	-	13,563	<b>128,390</b>
<b>Goram Homes</b>							
Managing Director	Apr' 21 – Mar' 22			114,587	-	10,428	<b>125,015</b>
Finance Director	Apr' 21 – Mar' 22			56,231	-	5,623	<b>61,854</b>
<b>Bristol Holding Company</b>							
Executive Chair (CEO)	Apr' 21 – Oct' 21			43,334	-	9,063	<b>52,397</b>
Group Finance Director & Executive Lead	Apr' 21 – Mar' 22			130,900	-	-	<b>130,900</b>
<b>Bristol Heat Networks</b>							
Consulting Officer	Apr' 21 – Mar' 22	J Bungey		121,296	-	-	<b>121,296</b>

Note 1 - 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.

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

## 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 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(445,488)	(450,488)	(9,952)	(4,966)
Service Concessions	(107,884)	(114,670)	(6,786)	(6,803)
Creditors	(6,680)	(2,738)	(279,712)	(209,684)
<b>Financial Liabilities at Fair Value through profit and loss</b>				
Financial Derivative	-	-		(20,702)
<b>Total Financial Liabilities</b>	<b>(560,052)</b>	<b>(567,896)</b>	<b>(296,450)</b>	<b>(242,155)</b>
<b>Financial Assets at amortised cost</b>				
Investments	-	-	118,596	111,777
Debtors	8,394	800	107,685	96,008
<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	38,473	38,228	108,184	101,476
<b>Total Financial Assets</b>	<b>47,217</b>	<b>39,378</b>	<b>334,465</b>	<b>309,261</b>

### Movements

The net increase of financial assets and liabilities (circa £13m) 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

	31 March 2022 £'000	31 March 2021 £'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	285	102
Other short-term borrowing (repayable within 1 year):		
- Public Works Loan Board	8,251	3,251
- Banks and other monetary sector	1,137	1,334
- Energy Improvement Loans	259	259
- Local Bonds and Stocks	21	21
<b>Total</b>	<b>9,952</b>	<b>4,966</b>

	31 March 2022 £'000	31 March 2021 £'000
Non-current borrowing		
Public Works Loan Board	325,439	330,439
Lender Option Borrower Option (Lobo)	70,000	70,000
Market Debt	50,000	50,000
Stocks	49	49
<b>Total</b>	<b>445,488</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 2021/22

	Financial Liabilities		Financial Assets		
	Measured at Amortised Cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(33,695)	-	-	-	(33,695)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,695)</b>
Interest Income		4,595		78	4,673
Fair Value Movement				(325)	(325)
Dividend Income				2,220	2,220
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(33,695)</b>	<b>4,595</b>	<b>-</b>	<b>1,973</b>	<b>(27,127)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(33,695)</b>	<b>4,595</b>	<b>-</b>	<b>1,973</b>	<b>(27,127)</b>

# Financial Instruments Gains and Losses 2020/21

	Financial Liabilities	Financial Assets			
	Measured at Amortised Cost	Amortised Cost	Fair Value through the CI	Fair Value through the P&L	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(28,862)	-	-	-	(28,862)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(28,862)</b>	<b>-</b>	<b>-</b>	<b>-</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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>(28,862)</b>	<b>4,754</b>	<b>-</b>	<b>4,501</b>	<b>(19,607)</b>

## 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 2022 using:			Fair value measurements at 31 March 2021 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	108,184	-	-	101,476	-	-
Bristol Port Company (Non- traded Unquoted Equity Investment)	-	-	28,000	-	-	29,000
Other Unquoted private companies	-	-	192	-	-	128
Pooled property fund	-	-	10,281	-	-	9,100
<b>Fair Value through Other Comprehensive Income</b>						
Other unquoted private companies	-	-	350	-	-	350
<b>Total Non-traded securities:</b>	<b>108,184</b>	<b>-</b>	<b>38,822</b>	<b>101,476</b>	<b>-</b>	<b>38,578</b>
<b>Investment properties</b>	<b>-</b>	<b>356,640</b>	<b>-</b>	<b>-</b>	<b>275,903</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>29,462</b>	<b>-</b>	<b>-</b>	<b>43,706</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>108,184</b>	<b>386,102</b>	<b>38,822</b>	<b>101,476</b>	<b>319,609</b>	<b>38,578</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	806	-	-	806	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>-</b>	<b>806</b>	<b>-</b>



<b>Valuation techniques and Inputs</b>				
<b>Description of asset</b>	<b>Valuation hierarchy</b>	<b>Basis of Valuation</b>	<b>Observable and Unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties (further detailed information in note 22)	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 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 £1.7m higher or lower respectively.

Investments in other unquoted companies	Level 3	These investments have been valued at the Group's share of each company.	Calculations have been based on their latest audited accounts	The value of these companies are relatively low (£542k) so any change in the metrics used in the valuation technique will not have a material impact.
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Group's share within the pooled fund.	The valuation for Pooled Property Funds have been based on the latest quarterly financial report.	Changes to housing market conditions could affect the valuation of the pooled property fund. If the market value of the properties within this fund is greater or lesser than 1% the fair value of the fund will be £89k higher or lower respectively.

#### Transfers between levels of the fair value hierarchy

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

#### Changes in valuation technique

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

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

Description	31 March 2022	31 March 2021
	Non-traded securities	Non-traded securities
	£000	£000
Opening balance	38,578	36,450
included in the surplus/(deficit) on the Provision of Services	(361)	2,228
included in Other Comprehensive Income and Expenditure	-	-
<b>Total gains/(losses) for the period:</b>	<b>(361)</b>	<b>2,228</b>
Additions	831	100
Disposals	(225)	(200)
<b>Closing balance</b>	<b>38,822</b>	<b>38,578</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 (-£1m) and Homelessness Property fund (+£675k).

## 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 2022		31 March 2021	
	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	459,400	333,690	501,500
Lender Option Borrower Option	70,667	98,100	70,865	108,400
Market Debt	50,470	68,100	50,469	74,700
Current Creditors	286,299	286,299	212,328	212,328
Service Concessions	114,670	166,960	121,473	192,673
Other	707	707	524	524
<b>Total Liabilities</b>	<b>856,503</b>	<b>1,079,566</b>	<b>810,051</b>	<b>1,110,827</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 £1.238bn 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 2022) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	103,948	103,948	64,983	64,983
Cash and Cash Equivalents	14,648	14,648	46,794	46,794
Current Debtors	107,685	107,685	96,008	96,008
Non-current debtors	8,394	8,394	800	800
<b>Total Financial Assets</b>	<b>234,675</b>	<b>234,675</b>	<b>208,585</b>	<b>208,585</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 2022 using:			Fair value measurements at 31 March 2021 using:		
	Quoted prices in active markets Level 1 £000	Observable inputs Level 2 £000	Unobservable inputs Level 3 £000	Quoted prices in active markets Level 1 £000	Observable inputs Level 2 £000	Unobservable inputs Level 3 £000
<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			333,690	
Lender Option Borrower Options		70,667			70,865	
Market debt		50,470			50,469	
Service Concessions		116,985			123,621	
Other		707			524	
<b>Total</b>		<b>572,519</b>			<b>579,169</b>	
<b>Financial Assets held at amortised cost</b>						
Current Investments		103,948			64,983	
Cash and Cash Equivalents		14,648			46,794	
Non-current Investments		-			-	
Non-current Debtors		8,394			800	
<b>Total</b>		<b>126,990</b>			<b>112,577</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 15 February 2021 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 2022 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-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-21
<b>Current Investments:</b>					
Local Authorities	53,537	0.00%	0.00%	-	-
AA rated counterparties	15,076	0.02%	0.02%	3	3
A rated counterparties	49,983	0.05%	0.05%	30	18
Sub-total	<b>118,596</b>			<b>33</b>	<b>21</b>
Trade debtors	107,685			-	-
Non-current debtors	8,394			-	-
<b>Total Financial assets</b>	<b>234,675</b>			<b>33</b>	<b>21</b>

The estimated maximum exposure for credit loss for Treasury investments is £33k and a general allowance has been set aside for this.

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

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

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

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

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

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

Debtor analysis	Gross debtor at 31-Mar-22 £'000	Allowance for credit losses at 31-Mar-22 £'000	Net debtor at 31-Mar-22 £'000	Net debtor at 31-Mar-21 £'000
Local taxpayers	59,488	(37,635)	21,853	15,566
Housing rents	11,935	(8,934)	3,001	3,032
Other - sundry debtors	168,774	(35,047)	133,727	117,237
<b>Total Other Entities and Individuals</b>	<b>240,197</b>	<b>(81,616)</b>	<b>158,581</b>	<b>135,835</b>
Central Government bodies	10,970	-	10,970	10,561
Other local authorities	1,509	-	1,509	1,571
NHS bodies	509	-	509	160
<b>Total debtors</b>	<b>253,185</b>	<b>(81,616)</b>	<b>171,569</b>	<b>148,127</b>
<b>Balance sheet debtors</b>	<b>253,185</b>	<b>(81,616)</b>	<b>171,569</b>	<b>148,127</b>
Current debtors not qualifying as a financial instrument under IFRS	(101,520)	37,635	(63,885)	(52,119)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>151,665</b>	<b>(43,981)</b>	<b>107,684</b>	<b>96,008</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 2022 £'000	31 March 2021 £'000
Less than three months	35,342	30,047
Three to four months	2,240	1,759
Four months to one year	17,837	15,276
More than one year	50,514	46,848
<b>Total</b>	<b>105,932</b>	<b>93,930</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 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	334,465	288,559
Between 1 and 2 years	314	339
Between 2 and 3 years	301	324
More than 3 years	46,602	38,715
<b>Total</b>	<b>381,682</b>	<b>327,937</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	296,450	219,338
1 - 2 years	14,364	11,786
2 - 5 years	57,659	42,179
5 - 10 years	80,539	88,177
10+ years	407,490	425,754
<b>Total</b>	<b>856,502</b>	<b>787,234</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 2022 £'000	%	Actual 31 March 2021 £'000	%
Less than 1 year	-		30		9,952	2%	4,966	1%
Between 1 and 2 years	-		40		-	-%	5,000	1%
Between 2 and 5 years	-		40		32,000	7%	20,000	4%
Between 5 and 10 years	-		50		22,000	5%	34,000	7%
More Than 10 Years	25		100		391,488	86%	391,488	87%
<b>Total</b>					<b>455,441</b>	<b>100%</b>	<b>455,454</b>	<b>100%</b>

Included within the maturity profile are £70m of LOBOS with maturities averaging 39 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

### Market risk

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

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

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

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

At 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2022 £'000
Increase in interest receivable on variable rate investments	2,429
Impact on Surplus or Deficit on the Provision of Services	2,429
Share of overall impact debited to the HRA	1,740
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	236,700

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

### Foreign exchange risk

During 2021/22 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.