

**BATH & NORTH EAST SOMERSET COUNCIL  
STATEMENT OF ACCOUNTS 2023/24**

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## Report on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements of Bath & North East Somerset Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2024 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

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

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

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

### Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

**Opinion on other matter required by the Code of Audit Practice**

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of the Authority and the Executive Director - Resources**

As explained more fully in the Statement of Responsibilities for the Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director - Resources. The Executive Director - Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director - Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to [include relevant details for your audit, e.g. health and safety, employee matters, and data protection].

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

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

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

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

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on large and unusual journals, journals posted by senior officers and those posted by administrators,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of property, plant and equipment, the valuation of investment properties and the valuation of net pension liabilities, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

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

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

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

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

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

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

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

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter except on 25 September 2024 we identified:

- a significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services This was in relation to the Authority's safety valve plan going off track during the financial year. We recommended that the Authority should continue to work with the Department for Education to ensure a realistic and deliverable management plan is agreed for the increasing Dedicated Schools Grant costs. We recommended the council should:
  - o ensure that the actions within the plan are progressed in the intervening period while discussions remain in progress
  - o develop a plan to address the residual deficit (£63m) which is expected to exist at the end of the management plan in 2030/31 to bring them back in balance

**Responsibilities of the Authority**

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

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

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

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

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

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

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

We cannot formally conclude the audit and issue an audit certificate for Bath & North East Somerset Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024 and until we have completed our consideration of an objection brought to our attention by a local authority elector under section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

**Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Bristol

Date: [Redacted]

# **DRAFT INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATH AND NORTH EAST SOMERSET COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS OF AVON PENSION FUND**

## **Opinion on financial statements**

We have audited the financial statements of Avon Pension Fund (the 'Pension Fund') administered by Bath and North East Somerset Council (the 'Authority') for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement and notes to accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities,
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

In our evaluation of the Executive Director - Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director - Resources' use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

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

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

## **Other information**

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

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

We have nothing to report in this regard.

# **DRAFT INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATH AND NORTH EAST SOMERSET COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS OF AVON PENSION FUND**

## **Opinion on other matters required by the Code of Audit Practice (2024) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)**

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of the Authority and the Executive Director - Resources**

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director - Resources. The Executive Director - Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director - Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 the Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

We enquired of management and the Corporate Audit Committee concerning the Authority's policies and procedures relating to:

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

# DRAFT INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATH AND NORTH EAST SOMERSET COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS OF AVON PENSION FUND

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

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the valuation of level 3 investments. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on large and unusual entries
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 2 and level 3 Investments and IAS 26 pensions liability valuations, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

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

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

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

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

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

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

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

## Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Bristol

Date: [REDACTED]



# NARRATIVE REPORT

## Introduction

The Statutory Statement of Accounts have been produced in accordance with the CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards.

The Accounts and Audit Regulations (2015) require that the Statement of Accounts are approved by a resolution of a Committee of the relevant body and that following approval, the Statement of Accounts be signed and dated by the person presiding at the Committee.

The main purpose of a Local Authority's published Statement of Accounts is to provide Electors, Council Tax Payers, Members of the Council, Employees and other interested parties, with clear information about the Council's financial position. It should aim to provide answers to the following questions:

- What did the Council's services cost in the year?
- Where did the money come from?
- What are the Council's assets and liabilities at the year-end?

The main financial statements are:

### Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement summarises the resources that have been generated and consumed in providing services and managing the Council during the year.

### Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year of different reserves held by the Authority.

### Balance Sheet

The Balance Sheet shows the assets and liabilities of the Council as a whole as at the 31 March 2024.

### Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from external transactions for both capital and revenue purposes.

### Collection Fund

These statements show the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to precepting bodies.

### Pension Fund Accounts

A summary of the Pension Fund accounts is included, as the Council is the administering authority for the Avon Pension Fund.

### Statement of Accounting Policies

The statement describes the accounting concepts and policies adopted in the preparation of the accounts. It contains a number of technical notes, none of which are unusual or which differ from the concepts adopted by the majority of other Local Authorities. The Council complied with all recommended accounting practices contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is recognised by statute as representing proper accounting practices. The Code of Practice incorporates Best Value Accounting principles with which the Council has also complied.

# NARRATIVE REPORT

## Bath & North East Somerset in Context

As a local authority area Bath and North East Somerset (B&NES) was formed in 1996 and covers approximately 135.2 square miles. In 2022 there were estimated to be 195,618 residents. (ONS)

### Topography and features

Bath is the largest urban settlement in the area and forms the main urban centre, acting as the commercial and recreational centre of the district. It is home to just over 50% of the population and is one of the few cities in the world to be named a UNESCO World Heritage Site.

Keynsham lies to the west of Bath. A traditional market town with a population of just over 9% of the total population of B&NES. Midsomer Norton and Radstock are small historic market towns, located in the south of the district with approximately 6% of the total population split between them. They both have a strong heritage of mining and industry stemming from the North Somerset coalfield.

The rest of the district consists of 69 diverse rural communities of varying sizes and characteristics, including a line of villages along the foothills of the Mendips, the Chew Valley and Cotswolds villages around Bath.

### Population and Outcomes

The population has grown steadily over time:

This growth has come from a combination of increasing student numbers at the two Universities and an increasing number of new housing developments. The shape of the population is largely driven by the high number of university students.

### Economy

Overall, pupils in B&NES consistently attain higher grades compared to regional and national figures in all stages of education. (DfE)

52% population educated to degree level or above, higher than West of England and England) (ONS)

2.6% Unemployment rate, lower than national, regional and most similar authorities (ONS)

### Wellbeing

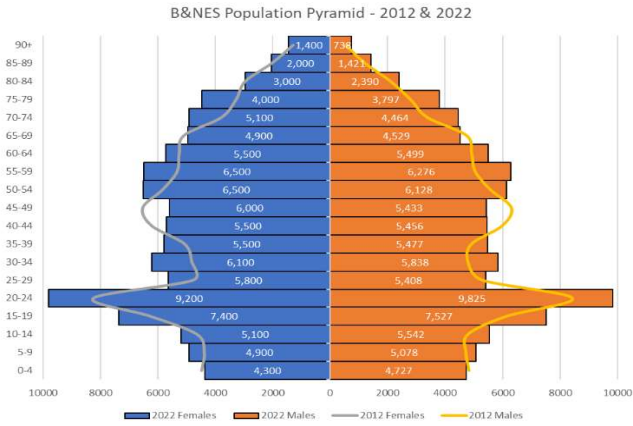
In the 2011 Census, 16% of residents reported that their day-to-day activities were limited through a long-term illness or disability and 10% of the population stated that they spent a substantial portion of their time caring for a friend or relative.

Health outcomes for B&NES are generally good. However, inequalities in outcomes do exist, as well as some concerning emerging trends that possibly point to an overall worsening level of health and wellbeing across the population.

Life Expectancy is 80.3 for men and 84.8 for women, significantly higher than national average. (OHID)

Population wellbeing (happiness) is in line with national average (ONS)

84% of residents satisfied with area as a place to live compared to 75% nationally. (Voicebox & LGIU)



# NARRATIVE REPORT

## The Next Twelve Months & Medium Term Outlook

The Medium-Term Financial Strategy (MTFS) was approved in November 2023 and outlined the budget requirement over the medium to long-term, alongside the Council's strategic priorities and budget setting principles. Due to the unprecedented financial challenge following the Covid pandemic, the cost of living crisis and inflationary pressures, the MTFS set out how the Council will continue to strategically manage and transition the Council's financial recovery. The MTFS spans two years with a further three added to show the likely longer-term picture. However, there remains significant uncertainty in the future because the approach to funding Government nationally and locally is still subject to review after the next general election.

The Council needs to deliver a balanced budget over the term of the plan. A balanced budget means that balances or reserves are not used to meet on-going expenditure commitments. The updated plan shows a balanced budget for 2024/25 and 2025/26 with a future years budget gap from 2026/27 although this is expected to reduce to a balanced position once the impacts of income growth and further efficiencies are factored in to budget planning. The figures include all estimates for future pay awards, pension costs, Council Tax, business rates, Government grant, and inflation. The revenue budget contingency includes £3m for general budget risk and £1m for inflationary pressures for new unbudgeted contract risk in 2024/25.

The budget has been developed considering how to operate with a higher cost base and lower income levels whilst delivering the Corporate Strategy to meet our key principles and commitments. After taking account of ongoing service cost pressures and new funding requirements, the starting point for the 2024/25 budget is a funding gap of £16.42m. The proposed budget meets this funding gap in two ways:

- 1) Income generation plans of £6.51m, and
- 2) Cost reduction plans of £9.91m.

The ongoing impact of high inflation and high demand for Social Care has created an imbalance in how the Council funds its services, Council tax and Business rates alone do not fully fund the Council's services. To balance the budget the Council needs to grow its commercial, and fees and charges income and also reduce its running costs. The Council revenue support grant has reduced from £31m in 2013/14 to £0.83m per annum in 2024/25 and as a result we have become more reliant on external income to help fund core Council services. After considering demands on services and inflationary pressure the Council revenue budget requires £24.94m in budget growth. This is funded through increases in Council tax, Business rates, income and savings plans and grant adjustments.

The material items requiring additional funding on top of annual budget adjustments such as pay inflation are listed below, this illustrates some of the economic and financial challenges the Council is facing.

- Adult Services budget growth £5.7m
- Children's Services budget growth £7.3m
- Highways budget growth £1.6m
- Neighbourhood Services budget growth £2.1m

To deliver a balanced budget in 2024/25 and 2025/26 savings and income generation plans total £16.42m for 2024/25 and £6.97m for 2025/26. The Council has a good track record of delivering proposed savings. In relation to the 2023/24 approved savings of £14.38m, 76% (£10.98m) have been delivered in full, 4% (£0.57m) have been mitigated by one-off underspends in year, with the remaining 20% delayed until 2024/25 or addressed through the budget setting proposals

An updated Efficiency Strategy was approved in February 2024, which outlined the use of Government's capital receipts flexibility. This enables the utilisation of capital receipts for revenue spend which results in ongoing savings. This forms part of the strategy for funding the one-off costs, such as severance, in reducing on-going salary and other service costs. The Council utilised £1.48m of capital receipts to fund one-off costs of delivering savings in 2023/24 with £1.77m balance remaining for use in 2024/25.

The Local Government Finance Settlement for 2024/25 provided updates on future funding changes and further funding provisions including:-

- The continuation of the West of England Devolution Authorities 100% Business Rate Retention pilot in 2024/25. This provides a significant financial benefit to the Council with estimated benefits of c.£3.2 million factored into the Council's budget in 2024/25.
- The Services Grant has been reduced from £0.958m to £0.165m in 2024/25, the reduction of £0.793m reflects the use of this grant by government to fund other grants within the finance settlement.
- An increase of £1.66m in Social Care grant funding taking the grant for 2024/25 to £11.73m was included in the provisional settlement. This increase is allocated to fund Children's Social Care demand pressures in line with previous years use of the Social Care grant. The final settlement provided an additional £500m nationally to top up the Social Care Grant, increasing the Council's grant allocation by £1.520m taking the total grant for 2024/25 to £13.250m. This additional funding is allocated to fund a £1.101m Adult Social Care contingency and a £0.419m Children's Services contingency for managing in year budget risk. This funding is assumed as recurrent in the base budget.
- Grant funding for 2024/25 of £3.193m through the Market Sustainability & Improvement Fund Grant. This includes the transfer in of the Workforce Fund grant which was paid separately in 2023/24. Taken together this represents an increase of £0.374m. This funding is assumed as recurrent in the base budget.
- An increase in the ring-fenced Adult Social Care Discharge Fund grant funding for 2024/25 of £0.458m taking the total grant for 2024/25 to £1.146m. This funding is assumed as recurrent in the base budget.
- Confirmation that the existing improved Better Care Fund social grant will be maintained at the same value as 2023/24, for B&NES this is £4.9m. This will protect the Better Care Fund schemes that have committed this funding on an annual basis.
- In recognising the continued pressures facing Adult Social Care (ASC) authorities, the government has allowed for a further 2% per annum allowance for the Adult Social Care Council Tax increase for the final year of the current spending review period to 2024/25.
- A general council tax increase cap of 3% for 2024/25 (this excludes the Adult Social Care Council Tax increase).

### The Budget agreed for 2024/25 included the following key proposals:

- An increase of 2% to Council Tax for the Adult Social Care Precept in recognition of the current demands and financial pressures on this service.
- An increase in general Council Tax of 2.99% in 2024/25.
- The Band D Council Tax for Bath and North East Somerset Council next year, including the Adult Social Care Precept increase of 2.00%, is £1,736.42 (£1,653.90 in 2023/24) an increase of 4.99% and £82.52 per Band D (£1.59 per week).
- A General Fund net revenue budget of £135.85m for 2024/25 and an approved Capital Programme for 2024/25 of £71.91m.

### Corporate Strategy

The 2024/25 Budget proposal sets out the framework and allocation of financial resources across the Council. How this is achieved will require close alignment to the Corporate Strategy as set out below.

ONE: We have one overriding purpose – to improve people's lives.

TWO: We have two core policies – **tackling the climate and ecological emergency** and **giving people a bigger say**. These will shape **everything** we do.

THREE: To translate our purpose into commitments, we have identified **three** principles. We want to **prepare for the future, deliver for local residents and focus on prevention**.

Our four values - bold, empowered, supportive and transparent - continue to underpin all of our work.

# NARRATIVE REPORT

## The Next Twelve Months & Medium Term Outlook (Continued)

Our Corporate Strategy to 2027 builds on our achievements and reflects the ambitions and priorities of the council's administration elected in May 2023. It provides a clear and ambitious framework for delivery, it also sets out how shared outcomes will be embedded through partnerships such as our Future Ambition Board and Health and Wellbeing Board.

This is all set out clearly in the diagram below:



This is the “golden thread” which drives what we do ensuring that setting budgets and managing our people - our most valuable resource - are guided by the council's priorities. It also means that our commitments are realistic and achievable.

Areas of overarching strategic priority and focus over the next two years will include:

- Delivery of the Council's Being Our Best programme to enable a joined up organisational structure that meets the objectives of providing the Council with Great Jobs, Smarter Structures and a Culture of Excellence.
- Develop a new strategy and service provision of Adult Social Care services to the residents of Bath and North East Somerset.
- Focus on ensuring financial sustainability in Children's services. This recognises the increased demand and complexity of caseload. We continue to work on improving our financial and management information which are key to creating a modern and resilient service.
- Delivery against an ambitious new Economic Strategy for Bath and North East Somerset, prioritising green growth, good jobs and affordable housing.
- Manage the Council's operational assets through the introduction of a Corporate Landlord model that ensures the best use for the Council's services and its communities.
- Continued investment to support the most vulnerable people in our communities.
- Continued commitment to secure action to address the climate and ecological emergency.
- Continue to focus on council wide business change programmes which balance service improvement within a clear return on investment framework.
- Deliver new ways for our residents, businesses, partner organisations, visitors and internal service teams to interact and receive council information and services, using digital channels.
- Ensuring that we are able to manage labour market demands and fluctuations across our workforce but particularly in operational roles in both social care and neighbourhood services.

### Total Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2024/25 Capital Programme and the indicative programme for the next five years, including both fully approved and provisionally approved schemes. This level of resource ensures that overall planned spending and funding are in balance.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>Total Schemes</b>	<b>186,098</b>	<b>66,724</b>	<b>40,081</b>	<b>20,156</b>	<b>24,423</b>
<b>Funding Sources</b>					
Grant	52,856	40,166	15,828	8,812	8,489
Capital Receipts	11,183	994	1,000	0	0
Revenue	3,878	20	40	20	20
Borrowing	77,315	46,028	38,583	43,294	20,124
3rd Party (incl. s106 & CIL)	7,717	3,490	2,189	2,987	1,003
<b>Total Funding</b>	<b>152,949</b>	<b>90,698</b>	<b>57,640</b>	<b>55,113</b>	<b>29,636</b>

### Revenue Outturn and Balances 2023/24

The Council's net revenue budget was set at £131.026m with an increase of 4.99% in its part of the 2023/24 Council Tax (split 2% for the Adult Social Care precept and a 2.99% general increase). Dedicated Schools Grant funding of £53.670m separately supports expenditure on schools.

Total net spending amounted to £149.791m against a revised budget of £149.996m, giving a year end under budget position of £0.205m on the general fund before carry forwards. After allowing for the carry forwards of underspends of £0.336m, the final outturn position is an overspend of £0.131m. The Cabinet Outturn report proposes the transfer of the £0.131m from the corporate revenue budget contingency earmarked reserve. This transfer and the carry forwards will be reflected in the 2024/25 accounts. The uncommitted General Fund balance (unearmarked reserves) after allowing for the transfers and carry forwards remains at £12.6m, which is in accordance with the current risk assessed target range approved by the Council in February 2023.

Schools balances have increased by £0.356m to £1.190m at the year-end, this is partly due to some schools building up balances for capital projects in future years.

The Council followed well established procedures for monitoring its finances and reporting the position to Senior Management and the Cabinet throughout the year. Significant inflation and demand cost pressures have continued to impact the Council during the year, including the staff pay award settlement which was £2.1m higher than budget provision requiring the release of corporate contingency budgets to fund this gap. With a projected overspend of £6.5m forecast based on the first half of the financial year, the Council put in place management actions including reducing discretionary spend, holding staffing posts vacant where viable to do so, and maximising the use of external funding sources. These actions in addition to lower borrowing costs and the release of remaining corporate contingency contributed to a reduction in the forecast overspend to £1.8m at Quarter 3 with further improvement in the final quarter.

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The main adverse variances from budget incurred, at Cabinet Portfolio level, are:

**Children's Services** - over budget by £5.054m - There are two main drivers of this over budget position, firstly the continuing cost and demand pressures from 2022/23 across the demand-led placement and package budgets, and secondly the increasing pressures from ongoing cost and demand increases across Home to School Transport (HTST).

Demand-led placement pressures are due to a mix of increased demand, especially around Residential, Unaccompanied Asylum Seeker Children (UASC) and increased packages of care and support costs needed, due to the increased needs our Children and Young People continue to present with. There are also continued increased costs because of the complex packages of care needed for those with the highest need in the Disabled Children's Team (DCT). In total these areas are £3.18m over budget. The biggest area of pressure is Residential (£1.22m over budget), this has been driven by an increase in numbers of placements because of the need to safeguard young people suffering criminal exploitation, in addition to an increased trend of young people suffering from emotional dysregulation and mental health. The other principal areas of pressure are DCT (£1.02m over budget), spend on packages of care to support those not in care to remain so (£0.81 over budget), UASC support (£0.51m over budget), Independent Foster Carers (£0.42m over budget) and Mother and Baby placements (£0.08m over budget). The complex needs funding stream underspend (Joint Agency Panel - JAP) offsets some of the DCT overspend, as young people who are no longer funded from JAP are funded now from DCT instead (JAP £0.91m under budget).

The £3.18m pressure across the demand-led budgets includes partial mitigation by an additional £1.00m in-year one-off savings. This is in addition to the £1.19m budgeted Transformation savings being delivered in 2023/24. The in-year savings are a result of focussed work across multiple areas such as reduction in the usage of Independent Foster Carers, holding vacancies, delayed spend and reduced agency usage versus 2022/23.

The Home to School Transport (HTST) service includes a £1.42m over budget position. This is due to significant pressure from ongoing market forces creating cost pressures when procuring HTST, including reduced availability of drivers, costs inflation and reduced tendering activity for many routes. Pressures from Teachers Pensions of £0.16m (this is a new ongoing pressure), and staffing pressures (£0.33m over budget) across the SEN Team, Psychology Team and Safeguarding and Quality Assurance Team also contributed to the adverse position. The aforementioned staffing pressures are primarily from the need to use agency staffing to respond to demand and cover vacancies.

**Adult Services** – over budget by £1.393m – The outcome is an over budget position after a transfer from the Adult Social Care reserve of £0.514m. Increased activity has been seen in 2023/24 with demand for package placements increasing by over 25%. The cost of care also continued to increase during the year due to the economic and market factors experienced through 2023/24 and the increasing complexity in care needs. The Market Sustainability and Improvement Fund Grant monies (MSIF £1.7m) has been used to support market sustainability in meeting the increasing fee rates seen. This funding continues in 2024/25. Arrangements for hospital discharges have continued and were jointly agreed with the Bath and North East Somerset, Swindon and Wiltshire Integrated Care Board (BSW ICB), making use of the various discharge grants received in 2023/24. These arrangements are planned to continue in 2024/25.

The level of future demand is expected to cause pressure that will see more people requiring support and rising cost pressures that providers face due both to general inflation and sector specific cost pressures. To balance this, work will continue with providers on issues to make the market more sustainable and on the delivery of the service transformation plans to ensure services can be provided to meet and sustain this demand.

**Neighbourhood Services** – over budget by £1.696m – Waste and Fleet Services ended the year with an adverse variance of £1.55m. Key reasons for the overspend were staffing costs to maintain service levels, and costs incurred as a result of moving to the new Pixash site. Underachievement of income in the Bereavement and Public Protection services has also contributed to the portfolio overspend outcome position.

The main favourable variances from budgets incurred, at Cabinet Portfolio level are:

**Resources** - under budget by £4.278m – Borrowing costs were £1.87m less than budgeted, primarily due to slippage in spend on the Council's capital programme. This also contributed to a lower Minimum Revenue Provision charge (the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme), which was £0.98m less than budgeted. Release of corporate contingencies (£0.92m) to support the Council's bottom line position, along with government grant income (£0.67m) mainly related to business rates which was notified late in the financial year resulted in corporate budgets coming in at a total favourable variance of £5.01m.

The IT Service ended the year with a £0.35m favourable variance resulting from in-year contract efficiencies and staffing underspends, while the Revenues and Benefits Service was able to maximise government grants to fund costs to achieve a £0.39m underspend. This helped offset overspends in Housing Benefit Subsidy (£0.96m) and Commercial Estate (£0.56m). High demand for temporary accommodation to reduce homelessness at a cost over and above the claimable subsidy was the fundamental reason for the Housing Benefit Subsidy adverse variance, while staffing pressures and service supported borrowing costs were key reasons for the Commercial Estate outcome position.

**Economic & Cultural Sustainable Development** - under budget by £2.337m – Heritage Services' visitor numbers were in excess of budgeted levels for 2023/24, which combined with underspends on maintenance and investment budgets resulted in a service favourable variance of £2.88m. The Corporate Estate ended the year with an adverse variance of £0.2m due to high costs of running surplus / unoccupied buildings. Regeneration also ended the year with an adverse variance, primarily due to the holding costs of the Old Post Office in advance of the property generating a rental income for the organisation.

**Highways** – under budget by £1.668m – Parking income has exceeded budget across the majority of locations. This, combined with a number of staff vacancies, means the service ended the year with a £0.92m favourable budget position. Street-works income within the Network and Traffic Management service is also over and above budgeted levels, which combined with staffing underspends totalled a £0.55m favourable variance. Vacancies and reductions in running costs across Passenger Transport also contribute £0.31m to the portfolio underspend position.

## Schools Outcome & Balances

The overall Dedicated Schools Grant for 2023/24 was £177.104m, however of this sum £123.873m was returned to the DFE to be allocated to academies, £29.075m was allocated to schools through funding formula, with the remaining £24.596m (after the prior year overspend of £13.453m) retained by the LA to support Special Educational Needs, central expenditure, and Early Years.

The centrally held elements of the Dedicated Schools Grant (DSG) were over budget by £8.810m, due to significant increases in numbers and cost of placements for children with SEND which is funded from the high needs block within the Dedicated Schools Grant. This Overspend reflects the payment of £550k from the DFE as part of the Safety Valve plan (see below). This Overspend will be carried forward along with the accumulated deficit on the DSG of £13.453m giving a total overspend to be carried forward of £22.263m. In line with Government guidance any overspend is carried forward for recovery against future DSG funding. Therefore, the Council cannot fund this pressure from its own general fund revenue budget (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). Year-end budgets have been adjusted to reflect the transfer of the £22.263m overspend into a specific unusable reserve for recovery against future DSG funding. This treatment is in line with government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This accounting treatment has the effect of separating DSG budget deficits from the Councils' general fund and, following the announced extension, covers the period to 31st March 2026.

In March 2023 the LA entered into a Safety Valve Agreement recovery plan to bring spending in line with budget over the next 6 years with the DFE. The Safety valve agreement is a process set up to support Local Authorities with DSG deficits, whereby the LA will show its ability to ensure that spending is controlled within the DSG and the DFE will look to support the accumulated overspend. The agreement signed by the LA and the DFE sets out the recovery of the cumulative overspend with the DFE providing additional funding to the LA as set out in the table below. However, as we have not achieved the targets of our plan the DFE require the Council to submit a revised version so also shown below is the payments received to date.

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Year	The Department agrees to pay to the authority the additional £'m of DSG by each year end	Actual payments received to date £m
2022/23	£7.68m	£7.68m
2023/24	£1.65m	£0.55m
2024/25	£1.65m	TBC
2025/26	£1.65m	TBC
2026/27	£1.65m	TBC
2027/28	£1.65m	TBC
2028/29	£3.29m	TBC
<b>Total</b>	<b>£19.22m</b>	<b>£8.23m to date</b>

To date the LA has received £8.23m and the DFE will reprofile the remaining payments over the length of the new arrangement once it has been agreed.

The seven schools maintained by the Local Authority have balances that have increased by £356k to £1.190m at the year-end. This increase is partly due to some schools building up balances for capital projects in future years. These balances are closely monitored by Schools Forum which has adopted an excessive balances policy in line with continued DFE best practise guidance. All schools with balances deemed to be excessive are challenged to explain their position.

The revenue outturn position compared to the budget is as follows:

Service (based on Cabinet Portfolios)	Budget	Actual	(Under)/ Over
	£'000	£'000	Budget £'000
Leader	(214)	(263)	(49)
Council Priorities & Delivery	7,912	7,603	(309)
Resources	6,023	1,745	(4,278)
Economic & Cultural Sustainable Development	(1,584)	(3,921)	(2,337)
Adult Services	66,869	68,262	1,393
Children's Services	41,090	46,144	5,054
Climate Emergency & Sustainable Travel	1,481	1,354	(127)
Built Environment & Sustainable Development	2,838	3,278	440
Neighbourhood Services	25,955	27,651	1,696
Highways	(374)	(2,062)	(1,688)
<b>Total (before carry forwards)</b>	<b>149,996</b>	<b>149,791</b>	<b>(205)</b>
Carry Forward Requests (Underspend)			<b>336</b>
<b>Total (Including Carry Forwards)</b>			<b>131</b>

The Leader Portfolio is made up of Emergency Services, Housing Delivery Vehicle and External Affairs & Partnerships.

The Council Priorities and Delivery Portfolio includes Human Resources & Organisational Development and Business Change, as well as Corporate Governance and Corporate Strategy & Communications.

The Resources Portfolio is made up of Finance, Revenues & Benefits, Information Technology, Audit & Procurement, Legal & Democratic Services, Commercial Estate and Corporate & Agency budgets.

The Economic & Cultural Sustainable Development Portfolio is made up of Property Services, Corporate Estate, Heritage, World Heritage, Events & Active Lifestyles, Regeneration and Business & Skills.

Adult Services is made of Adult Care, Health & Housing Strategy & Commissioning (including Mental Health, Learning Difficulties, Adult Social Care & Adult Safeguarding), Adult Substance Misuse, Public Health and Leisure.

Children's Services is made up of Children & Young People Strategy & Commissioning (including Education, Safeguarding & Commissioning) and Children & Young People Specialist Services (including Children In Care, Safeguarding, Early Years, Assessment & Intervention and Youth Services).

The Climate Emergency & Sustainable Travel Portfolio is made up of Transport Strategy, Environmental Monitoring & Green Transformation.

Planning & Licencing is made up Building Control & Public Protection and Development Management.

The Neighbourhood Services Portfolio is made up of Parks & Bereavement, Waste & Fleet Services, Customer Services, Registrars, Community Safety & Public Protection.

The Highways Portfolio is made up of Network & Traffic Management, Highways Maintenance, Clean Air Zone, Parking and Public & Passenger Transport.

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### Collection Fund

As part of the 2024/25 budget setting, an estimate was made on the position of the Collection Fund as at 31st March 2024. The estimate is split into two elements, one relating to Council Tax and the other relating to Business Rates. The estimated and actual position for each is shown in the following table. The figures relate to the Council's share of the surplus / deficit, excluding any preceptor and central government shares. At an overall level, the outturn position on the Collection Fund position improved by £5.716m over the estimated position. The main reason for the improvement relates to a release from the Business Rates Appeals provision following a review of outstanding appeals against the 2017 rating list as at 31st March 2024. The difference will be taken into consideration when estimating the closing 2024/25 Collection Fund as part of the 2025/26 budget process.

	Estimated surplus / (deficit) £'000	Actual surplus / (deficit) £'000	Difference £'000
Council Tax	(249)	123	372
Business Rates	(57)	5,287	5,344
<b>Total</b>	<b>(306)</b>	<b>5,410</b>	<b>5,716</b>

### Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement includes a number of items that are not required to be included in the General Fund and to be taken into account in setting the Council Tax. The Comprehensive Income and Expenditure Statement included within this Statement of Accounts shows the net cost of services for the year of £183.8m. This reconciles to the General Fund spending reported above as follows:

	£'000	£'000
Total net spending by departments		149,791
Add:		
Charges related to capital assets:		
- depreciation, amortisation and impairments	16,664	
- revenue expenditure funded from capital under statute	7,962	
- loss / (gain) on revaluations	14,085	
		38,711
Other Movements:		
Grant funded revenue expenditure funded from capital under statute	(5,879)	
Unapportioned pensions contributions	(121)	
Levy payments	(5,459)	
Interest received and paid	(5,052)	
Non-Ringfenced Government Grants	18,268	
Other movements on funds and balances	6,559	
Minimum Reserve Payment (MRP)	(10,184)	
Net transfers from / (to) reserves	(2,828)	
		(4,696)
Cost of services - continuing operations		<b>183,806</b>

The principal differences relate to capital assets. The General Fund includes the cost of financing capital assets whereas the Comprehensive Income and Expenditure Statement includes depreciation and impairment.

# NARRATIVE REPORT

## Capital Expenditure

Capital expenditure in 2023/24 totalled £82.4m. Overall capital spending was 77% of the revised capital budget, primarily reflecting the delivery time to complete projects moving into future financial periods. Details are:

Cabinet Portfolios	Planned Spend	Actual Spend	Variation on planned spend
	£'000	£'000	£'000
Leader	734	497	(237)
Climate Emergency & Sustainable Travel	2,135	1,759	(376)
Resources	10,689	6,245	(4,445)
Economic & Cultural Sustainable Development	12,582	8,296	(4,287)
Children's Services	3,940	1,148	(2,793)
Adult Services	2,533	2,214	(319)
Highways	18,366	14,883	(3,483)
Neighbourhood Services	25,942	24,022	(1,921)
Built Environment & Sustainable Development	5,458	4,439	(1,018)
	<u>82,380</u>	<u>63,502</u>	<u>(18,878)</u>

Capital expenditure was financed by:

	£'000
Capital Receipts	2,356
Grants	17,876
Borrowing	37,030
3rd Party Contributions	456
Revenue	928
S.106 / CIL contributions	4,856
	<u>63,502</u>

The largest capital spend was £20.6m on the Keynsham Reuse and Recycling Site at Pixash Lane which became full operational in the year. Housing Delivery Schemes spend was £2.6m. Capital spend of £11.9m was on Highways infrastructure, Bath City Centre Security £2.8m and Liveable Neighbourhoods £0.7m. £1.0m of spend was incurred on New Technology for improved staff working, with Commercial Estate Investment of £1.7m and maintenance on council buildings of £3.3m.

## Property, Plant & Equipment

In addition to capital spend, the value of assets also reflected:-

Transfers of £29.467m from Assets Under Construction reflecting projects becoming operational in the year:-

	£'000
Keynsham Recycling Hub	23,817
Highways Infrastructure	2,207
City Centre Protection Measures	2,150
Social Housing Programme	608
Residents Parking Zones	383
Keynsham Park Memorial Bridge	158
Other	144
	<u>29,467</u>

Net Property Revaluation loss of £7.232m for Other Land and Buildings and Surplus Assets for the following classes of assets:-

	£'000
Playing Fields	2,533
Children Centres	2,383
Heritage	2,204
Car Parks	1,533
Schools	(1,182)
Depot/Stores	(1,317)
Leisure Centres	(1,357)
Housing	(1,850)
Offices	(2,581)
Refuse/CA Sites	(7,948)
Other	350
	<u>(7,232)</u>

## Investment Property Assets Values

Investment Properties were subject to new valuations in 2023/24 and reflected a valuation basis of fair value.

A £14.6m reduction in Investment Property values has occurred since the last full valuation was undertaken (31st March 2023)



# NARRATIVE REPORT

## Non Financial Performance of the Council

### Council Priorities

The Council's framework was developed in 2020. The core purpose of this framework is to improve people's lives and it is based on three principles:

#### Delivering for Local Residents

Access to housing, and getting around our area are key local concerns. We are determined to secure more affordable and social housing, improve the quality of rented housing, make our housing stock green and tackle fuel poverty.

We will also facilitate significant improvement of the transport infrastructure and encourage behaviour change to forms of transport other than the private vehicle. This will enable a major shift to walking, micro mobility (cycling), car-sharing, buses and rail.

Alongside the introduction of the Clean Air Zone, we have wider ambitions for more pedestrian-friendly city centre and reducing the impact of cars in residential streets, through better traffic management, and reductions in 'rat-running'.

To support this, we need to understand the views and needs of our local communities. We are committed to improving how we involve local people in our decision making, such as on local transport schemes, ensuring that they have a greater say in how their services are designed, funded and run.

#### Focusing on Prevention

Having a clear approach to prevention is essential to improving people's health and wellbeing, sustaining the social care and health services we all value and rely on, and strengthening our local economy. For example, properly insulated homes are cheaper to run and help prevent cold-related ill health as well as contributing to addressing the climate emergency. Bath's Clean Air Zone is also a good example of how we are preventing ill health through reducing car pollution.

People should receive the support they need in the most efficient, effective and timely way, reducing demand for later and more costly interventions. Everyone has a part to play and our residents should be supported to stay healthy, live well and be independent for as long as possible, making good choices for their own health and wellbeing. For example, we can promote active travel, such as walking and cycling.

We cannot do this alone and we will need to build on our joint working arrangements with partners, voluntary organisations, parishes, and other residents, through growing interventions such as Compassionate Communities, which was exemplified in the creation of the Compassionate Communities Hub. We will always ensure that we continue to protect and support our most vulnerable residents.


#### Preparing for the Future

Our area is changing. We must change with it and help local residents prepare for the future. We want to promote high-quality, high-skilled jobs, for example, in the new green jobs sector and the new technologies. At Bath Quays, we are creating a vibrant commercial quarter in the heart of the city which is delivering new jobs and homes. We also have a programme aimed at making our high streets more attractive places to visit, including greener ways of getting around the area and support to businesses.

We will work with partners, organisations such as the West of England Combined Authority, and local communities, to secure long-term investment for our local infrastructure. Our priorities for this are sustainable transport, homes and energy. So that they can take advantage of these changes, we want to help our young people acquire and enhance the skills they need to achieve their ambitions. To do this, we will also need to address inequalities of outcome in education, particularly in the early years.

We also need to make the most of new technology, and be smarter and more flexible in the ways that we work. We need to be clearer about what we can and cannot provide. Increasingly, we will ask residents to self-serve for our more transactional services, so that we can better support people who need our help the most.

The Council collects and monitors a wide range of key performance indicators to measure its delivery. Many of these are of a statutory nature and need to be reported to central Government. There are also many local indicators developed by services to allow them to measure the delivery of Council services.

 <b>Corporate Strategy (2023-27) Performance</b> Improving People's Lives		
Bath & North East Somerset Council exists for one clear purpose - to improve people's lives. The 2023-2027 Corporate Strategy sets out how we will continue to do this over the next four years. This report shows how we are performing against our strategy's aims.		
Core Policies		
<b>Tackling the climate and ecological emergencies</b> We will lead the UK in climate and nature action, building a sustainable future for Bath and North East Somerset - net zero, nature positive, by 2030	<b>Giving people a bigger say</b> We will listen to and work with residents to act on their concerns	
Principles		
<b>Preparing for the future</b> We will work towards a resilient, sustainable economy that is fair, green, creative and connected	<b>Delivering for local residents</b> We will continually improve frontline services across our communities, whilst protecting the most vulnerable	<b>Focusing on prevention</b> We will invest in prevention across all services to tackle inequalities and improve local areas

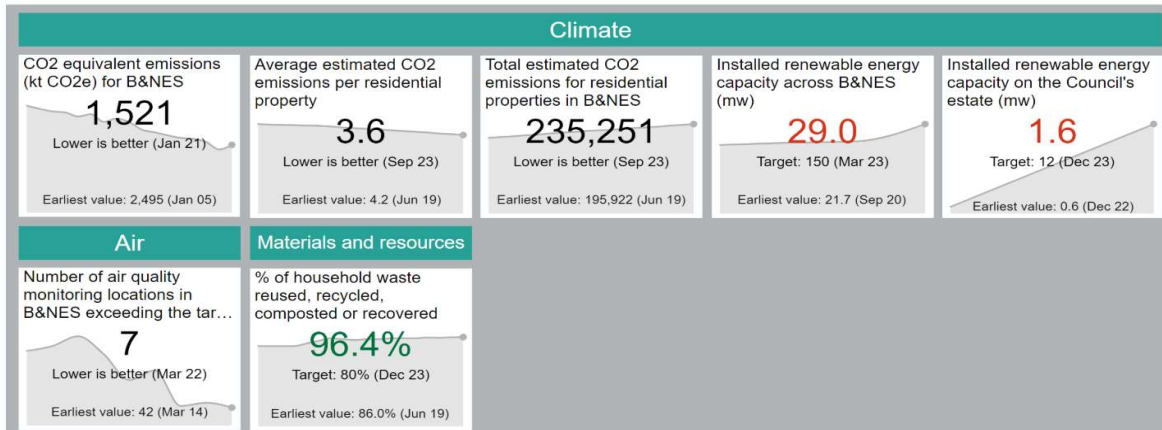
# NARRATIVE REPORT



## Corporate Strategy (2023-27) Performance

Tackling the climate and nature emergency

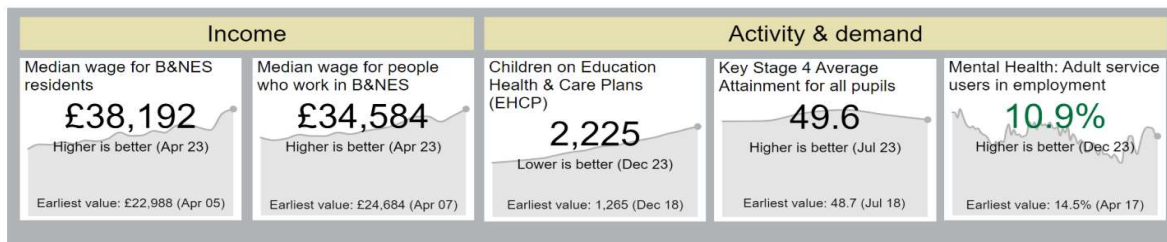
We will lead the UK in climate and nature action, building a sustainable future for Bath and North East Somerset - net zero, nature positive, by 2030



## Corporate Strategy (2023-27) Performance

Preparing for the future

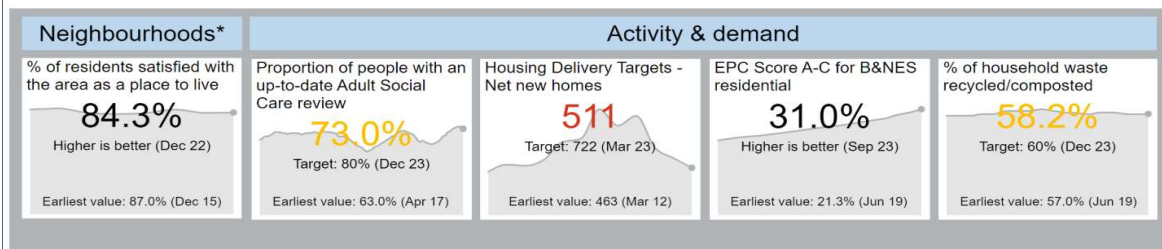
We will work towards a resilient, sustainable economy that is fair, green, creative and connected



## Corporate Strategy (2023-27) Performance

Delivering for local residents

We will continually improve frontline services across our communities, whilst protecting the most vulnerable



## Corporate Strategy (2023-27) Performance

Giving people a bigger say

We will listen to and work with residents to act on their concerns



# NARRATIVE REPORT

## Non Financial Performance of the Council (cont.)



### Corporate Strategy (2023-27) Performance

Focusing on prevention - supporting children and adults

We will invest in prevention across all services to tackle inequalities and improve local areas

#### Deliver for children & young people

Early Years Foundation Stage Achievement Gap

39%

Lower is better (Jul 23)

Earliest value: 34.0% (Jul 14)

% of mothers known to be smokers at the time of delivery

8.1%

Lower is better (Dec 22)

Earliest value: 10.4% (Dec 11)

% of year 6 pupils (female) at healthy weight: gap between most and least d...

12.4%

Lower is better (Mar 23)

Earliest value: 17.2% (Mar 14)

% of year 6 pupils (male) at healthy weight: gap between most and least d...

15.7%

Lower is better (Mar 23)

Earliest value: 13.6% (Mar 14)

Child in Need Plan closures (step-downs)

86.7%

Higher is better (Dec 23)

Earliest value: 82.6% (Jun 21)

#### Deliver for children & young people

Child Protection Plans stepped down or closed

86.4%

Higher is better (Dec 23)

Earliest value: 81.8% (Jun 21)

% of repeat referrals in 12 months

14.6%

Lower is better (Dec 23)

Earliest value: 17.0% (Jun 21)

Overall satisfaction of people who use services with their care and support

69.5%

Higher is better (Mar 23)

Earliest value: 73.3% (Mar 18)

#### Support vulnerable adults



### Corporate Strategy (2023-27) Performance

Focusing on prevention - performance - good health

We will invest in prevention across all services to tackle inequalities and improve local areas

#### Places that promote good health

Inequality in life expectancy at birth (male)

4.9

Lower is better (Dec 20)

Earliest value: 7.6 (Dec 12)

Inequality in life expectancy at birth (female)

2.3

Lower is better (Dec 20)

Earliest value: 4.9 (Dec 12)

Healthy life expectancy at birth (male)

65.7

Higher is better (Dec 20)

Earliest value: 65.4 (Dec 11)

Healthy life expectancy at birth (female)

65.7

Higher is better (Dec 20)

Earliest value: 67.5 (Dec 11)

Self reported wellbeing: people with a high anxiety score

23.5%

Lower is better (Dec 22)

Earliest value: 21.8% (Dec 12)



### Corporate Strategy (2023-27) Performance

Focusing on prevention - activity & demand

We will invest in prevention across all services to tackle inequalities and improve local areas

#### Activity & demand

Children looked after per 10k

62.7

Lower is better (Dec 23)

Earliest value: 38.0 (Mar 15)

Children on Child Protection plan per 10k

40.1

Lower is better (Dec 23)

Earliest value: 29.0 (Mar 15)

Adult Safeguarding: % enquiries where risk removed/reduced

90%

Higher is better (Dec 23)

Earliest value: 78.9% (Apr 17)

Adult Social Care: Care Home admissions per 100k

31.5

Target: 44.9 (Dec 23)

Earliest value: 48.1 (Apr 17)

% Adults at home 91 days after reablement service

83.3%

Target: 77% (Sep 23)

Earliest value: 86.8% (Apr 18)

Households in temporary accommodation

84

Lower is better (Dec 23)

Earliest value: 31 (Jun 19)

# NARRATIVE REPORT

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## Corporate Risk Management

The Council's Risk Management Strategy was last reviewed and updated in 2019 and sets out the framework to manage risk. A revised Risk Management Strategy will be subject to consultation in 2024. The Council's Corporate Strategy (2023 to 2027) and priorities were approved by Council on 20th July 2023. The overriding purpose of the Strategy is to improve people's lives and the two core policies of tackling the climate and ecological emergency and giving people a bigger say was to be the focus of the Council's work.

Senior Management continue to assess key risks at a strategic level and actively manage risk daily to respond to the challenges of delivering services. A Corporate Risk Register owned and maintained by the Corporate Management Team is subject to quarterly review. The Register was presented alongside the Risk Management Framework to the Corporate Audit Committee in February 2024. The Corporate Risk Register is included in the Corporate Intelligence Section of the Council's Integrated Reporting Framework which brings together finance, performance and risk into one corporate reporting portal.

An officer Corporate Risk Management Group chaired by the Council's Chief Operating Officer has been established and has overall responsibility for the co-ordination of both departmental / service and corporate risks, reporting up to the Executive Leadership Team.

Work to manage risk in 2023/24 has focussed on –

- How we plan for and meet the ongoing Financial Challenge which has been compounded by international events and inflationary pressures.
- The dedicated schools grant deficit and the safety valve agreement with the Department for Transport.
- Providing transport to vulnerable children based on supplier resilience and increase in costs.
- Supporting and stimulating Economic Growth and Regeneration.
- Safeguarding children and vulnerable adults in our community.
- Health, safety and wellbeing.
- Provision of statutory services.
- Climate emergency response.
- Securing systems and data.
- Workforce recruitment and retention.
- Delivering community services and joined up commissioning with the ICB and partners.
- Working across the West of England to stimulate housing needs, skills and employment, support major transport projects and provide public transport.
- Managing and investing in the key infrastructure and assets of the area and tackling major transport issues.

## Pension Fund

As required by the Local Government Pension Scheme (LGPS) Regulations 2013, an actuarial valuation of the Avon Pension Fund was carried out as at 31 March 2022. The market value of the Fund's assets at the valuation date was £5,822m. The Actuary estimated that the value of the Fund was sufficient to meet 96% of its expected future liabilities of £6,060m in respect of service completed to 31 March 2022, with a deficit of £238m. This triennial valuation set the employer contribution rates from 1 April 2023. The next triennial valuation will be as at 31st March 2025.

## Pension Liabilities

The Council itself has a liability of £83.1m for future pensions costs. This is because under IAS19 the Council must account for pensions for former members of staff when the commitment is made, not when the pension is paid.

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The decrease in 2023/24 is mainly due to gains from changes in the Actuary's assumptions in valuing the assets and liabilities, as detailed in Note 41.

## Group Accounts

There is now a requirement to consider a consolidation of group accounts under the Local Authority Statement of Recommended Practice (SORP) 2010. The Council has group relationships with Aequus Developments Ltd (ADL) (develop, deliver, own & manage property) and Aequus Construction Ltd. (ACL) (building construction & development). Both entities are ultimately 100% subsidiaries of the Council, with ADL and ACL both being 100% subsidiaries of Aequus Group Holdings Ltd (AGHL) (non-trading holding company), which itself is a 100% subsidiary of the Council.

The turnover and assets held by Aequus Developments Ltd (ADL) and Aequus Construction Ltd. (ACL), as detailed in Note 45, is considered significant enough to produce Group Accounts. These Group Financial Statements are included in these Statement of Accounts.

## Further Information

Further information on the Council's Accounts and those of the Avon Pension Fund is available on the Councils' website and that of the Avon Pension Fund.

The accounts continue to be produced promptly and to an exceptionally high standard against the challenging background of multiple pressures in local government, including continuing to manage the post pandemic impact on our finances. This has resulted in increased demand across all services, including finance, together with the challenging deadline of producing these accounts by the 31st May 2024. The publication of the draft set of accounts reflects the exceptional commitment and hard work undertaken by Finance staff and other service teams across the Council. My thanks go to all Finance staff and Council Officers for their assistance in the preparation of these accounts and for their support throughout the year.

## Andy Rothery

Executive Director - Resources (Section 151 Officer)

Date: **xx November 2024**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2023/24

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure Funding Analysis note to the accounts.

Notes	2022/23 Gross Exp Restated £'000	2022/23 Gross Inc Restated £'000	2022/23 Net Exp Restated £'000		2023/24 Gross Exp Restated £'000	2023/24 Gross Inc Restated £'000	2023/24 Net Exp Restated £'000
				<b>Expenditure on Services</b>			
	902	(1,173)	(271)	Leader	1,275	(1,309)	(34)
	8,915	(5,129)	3,786	Council Priorities & Delivery	10,686	(1,520)	9,166
	50,978	(40,835)	10,144	Resources	61,051	(45,185)	15,866
	28,271	(21,714)	6,557	Economic & Cultural Sustainable Developm't	26,065	(26,704)	(639)
	122,978	(53,206)	69,772	Adult Services	128,196	(59,919)	68,277
	119,785	(78,553)	41,232	Children's Services	124,483	(78,326)	46,157
	2,469	(1,217)	1,252	Climate Emergency & Sustainable Travel	4,073	(2,434)	1,639
	11,518	(8,077)	3,441	Built Environment & Sustainable Development	15,303	(11,381)	3,922
	38,922	(8,917)	30,005	Neighbourhood Services	47,011	(9,598)	37,413
	24,384	(22,267)	2,116	Highways	24,644	(22,605)	2,039
	409,122	(241,088)	168,034	<b>Cost of Services - continuing Operations</b>	<b>442,787</b>	<b>(258,981)</b>	<b>183,806</b>
9			7,514	Other Operating Expenditure			8,667
10			22,873	Financing and Investment Income & Expenditure			10,684
11		(182,156)		Taxation and Non-Specific Grant Income			(177,084)
			16,265	<b>(Surplus) or Deficit on Provision of Services</b>			<b>26,073</b>
24		(25,034)		(Surplus) on Upward Revaluation of Non-current Assets			(21,950)
24			2,661	Deficit on Downward Revaluation of Non-current Assets			12,567
41		(232,937)		Remeasurement of the net defined benefit liability			(33,470)
		(255,310)		<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(42,853)</b>
		(239,045)		<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(16,780)</b>

## MOVEMENT IN RESERVES STATEMENT 2023/24

This Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return the amounts chargeable to Council Tax for the year. The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year, following those adjustments.

<b>Current Year</b>	Unearmarked General Fund Balance £'000	Earmarked General Fund Balance £'000	<b>Total General Fund Balance £'000</b>	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	<b>Total Usable Reserves (Note 23) £'000</b>	Unusable Reserves (Note 24) £'000	<b>Total Authority Reserves £'000</b>
<b>Balance at 31 March 2023</b>	12,802	70,824	<b>83,626</b>	9,042	-	<b>92,668</b>	316,853	<b>409,522</b>
Movements During 2023/24:								
Total Comprehensive Income & Expenditure	(26,073)	-	<b>(26,073)</b>	-	-	<b>(26,073)</b>	42,853	<b>16,780</b>
Adjustments between accounting basis and funding basis under statutory provisions	28,888	-	<b>28,888</b>	(1,331)	-	<b>27,557</b>	(27,557)	-
<b>Increase / (Decrease) during year</b>	2,815	-	<b>2,815</b>	(1,331)	-	<b>1,484</b>	15,296	<b>16,780</b>
Transfers to / (from) earmarked reserves	(2,828)	2,828	-	-	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>12,789</b>	<b>73,652</b>	<b>86,441</b>	<b>7,711</b>	-	<b>94,152</b>	<b>332,149</b>	<b>426,301</b>

<b>Comparative Year</b>	Unearmarked General Fund Balance £'000	Earmarked General Fund Balance £'000	<b>Total General Fund Balance £'000</b>	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	<b>Total Usable Reserves (Note 23) £'000</b>	Unusable Reserves (Note 24) £'000	<b>Total Authority Reserves £'000</b>
<b>Balance at 31 March 2022</b>	15,876	95,447	<b>111,323</b>	8,518	22	<b>119,863</b>	50,613	<b>170,477</b>
Movements During 2022/23:								
Total Comprehensive Income & Expenditure	(16,265)	-	<b>(16,265)</b>	-	-	<b>(16,265)</b>	255,310	<b>239,045</b>
Adjustments between accounting basis and funding basis under statutory provisions	(11,432)	-	<b>(11,432)</b>	524	(22)	<b>(10,930)</b>	10,930	-
<b>Increase / (Decrease) during year</b>	<b>(27,697)</b>	-	<b>(27,697)</b>	<b>524</b>	<b>(22)</b>	<b>(27,195)</b>	<b>266,240</b>	<b>239,045</b>
Transfers to / (from) earmarked reserves	24,623	(24,623)	-	-	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>12,802</b>	<b>70,824</b>	<b>83,626</b>	<b>9,042</b>	-	<b>92,668</b>	<b>316,853</b>	<b>409,522</b>



## BALANCE SHEET as at 31 MARCH 2024

The Balance sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis regulations".

Notes	31 March 2023 £'000		31 March 2024 £'000
12	262,210	Property, Plant & Equipment:	
	4,335	Land & Buildings	303,503
	22,095	Community Assets	4,874
	61,089	Vehicles, Plant & Equipment	21,923
	3,428	Assets under Construction	40,274
12a	133,532	Surplus assets	3,429
13	48,564	Infrastructure	144,297
14	256,385	Heritage Assets	48,564
15	650	Investment Property	242,016
19	7,596	Intangible Assets	480
	799,883	Long Term Debtors	8,875
		<b>Long Term Assets</b>	<b>818,234</b>
16	13,960	Short Term Investments	7,801
18	520	Inventories	709
19	48,441	Short Term Debtors	56,844
20	28,541	Cash and Cash Equivalents	24,265
17	170	Assets Held for Sale	0
	91,633	<b>Current Assets</b>	<b>89,619</b>
16	-	Short Term Borrowing	(10,413)
21	(74,397)	Short Term Creditors	(70,047)
35	(1,600)	Grants Receipts In Advance - Revenue	(2,402)
35	(19,573)	Grants Receipts In Advance - Capital	(41,215)
	(95,570)	<b>Current Liabilities</b>	<b>(124,077)</b>
22	(15,532)	Provisions	(7,764)
16	(212,551)	Long Term Borrowing	(238,101)
41&42	(126,304)	Other Long Term Liabilities	(92,413)
35	(32,037)	Grants Receipts In Advance - Capital	(19,197)
	(386,424)	<b>Long Term Liabilities</b>	<b>(357,475)</b>
	<b>409,522</b>	<b>Net Assets</b>	<b>426,301</b>
23	92,669	Usable reserves	94,152
24	316,853	Unusable Reserves	332,149
	<b>409,522</b>	<b>Total Reserves</b>	<b>426,301</b>

The accounts were authorised for issue on xx xxxxx 2024.

Andy Rothery Executive Director - Resources

Date: xx xxxxx 2024

## CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash flow equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	2022/23	See Note 25 for further details	2023/24
	£'000		£'000
	(16,265)	Net surplus or (deficit) on the provision of services	(26,073)
A	57,304	Adjustment to surplus or deficit on the provision of services for non cash movements	37,406
A	(48,059)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(24,206)
	(7,020)	Operating Activities	(12,874)
C	(5,173)	Investing Activities	(19,482)
D	(9,245)	Financing Activities	28,079
	(21,438)	<b>Net Increase/(decrease) in cash equivalents</b>	<b>(4,276)</b>
E	49,979	<b>Cash &amp; cash equivalents at the beginning of the reporting period</b>	28,541
E	28,541	<b>Cash &amp; cash equivalents at the end of the reporting period</b>	24,265



# NOTES TO MAIN FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts & Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting policies. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1.2 Qualitative Characteristics of Financial Statements

**Relevance** - The accounts have been prepared with the objective of providing information about the Council's financial performance and position that is useful for assessing the stewardship of public funds, and for making financial decisions.

**Materiality** - The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted, provided that in aggregate, they would not affect the interpretation of the accounts.

**Faithful Representation** - The financial information in the accounts is a faithful representation of the economic performance of the Council as they have been prepared to reflect the reality or substance of the transaction, are free from deliberate or systematic bias, are free from material error and contain all the information necessary to aid understanding.

**Verifiability** - Different knowledgeable and independent observers will be able to reach the same conclusion from the information presented in the accounts.

**Timeliness** - The information provided in the accounts is available to decision makers in time to be capable of influencing their decisions.

**Understandability** - These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and Local Government. Every effort has been made to use plain language, and where technical terms are unavoidable, they have been explained in the glossary contained within the accounts.

### 1.3 Underlying Assumptions

#### Accruals Basis

The financial statements, other than the cash flow, are prepared on an accruals basis. Income and expenditure is recognised in the accounts in the period in which it is earned or incurred, not as the cash is received or paid.

#### Going Concern

The accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future.

#### Primacy of Legislation Requirements

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following are examples of legislative accounting requirements which have been applied when completing the accounts:

- \* Capital receipts from the disposal of property, plant & equipment are treated in accordance with the provisions of the Local Government Act 2003.
- \* The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

### 1.4 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- \* Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- \* Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received, and their consumption, they are carried as inventories on the Balance Sheet.
- \* Works are charged as expenditure when they are completed, before which they are carried as Works In Progress on the Balance Sheet.
- \* Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- \* Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- \* Income and expenditure are credited and debited to the relevant service account, unless they properly represent capital receipts or capital expenditure.
- \* Employee benefits are accounted for as they are earned.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### 1.5 Revenue Recognition

Revenue is defined as the gross inflow of economic benefits or service potential during the reporting period when these inflows result in an increase in net wealth.

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents, and the amount of revenue is the amount of cash and cash equivalents receivable. Where the Council is acting as an agent of another organisation, the amounts collected for that organisation are excluded from revenue.

Revenue relating to the sale of goods is recognised when the amount of revenue can be measured reliably, it is probable that the revenue will be received by the Council, and the risks and rewards of ownership have been passed to the purchaser. Revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable that the revenue will be received by the Council, and the stage of completion of the service can be measured.

In order to comply with IFRS 15, a review of the Council's sources of revenue from contracts with external customers has been completed, with the conclusion that there was no material income streams that require a change in disclosure.

### 1.6 Tax Income (Council Tax & Non-Domestic Rates)

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.
- Top Up income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the CIES 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 authority'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.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### 1.7 Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. 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 to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

### 1.8 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus of 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.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies below. Capital reserves are not available for revenue purposes.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### 1.9 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 Authority when there is reasonable assurance that:

- \* the Authority will comply with the conditions attached to the payments, and
- \* the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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.

### 1.10 Employee Benefits

**Benefits Payable During Employment:** Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

**Termination Benefits:** Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income & Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits, or when the Authority recognises costs for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant Accounting Standard. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits, and replace them with debits for the cash paid to the Pension Fund and pensioner and any such amounts payable but unpaid at the year-end.

### Post-Employment Benefits

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

The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

The Local Government Pension Scheme (Avon Pension Fund). The Fund itself is administered entirely by Bath & North East Somerset Council under arrangements made following the abolition of the former Avon County Council on 31 March 1996. Bath & North East Somerset Council is one of over 200 contributing employers into the Avon Pension Fund.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a Defined Contribution Scheme - no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education line in the Comprehensive Income & Expenditure Statement is charged with the employer's contributions payable to Teacher's Pensions in the year.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### The Local Government Pension Scheme

The Local Government Scheme is accounted for as a Defined Benefit Scheme:

The liabilities of the Avon Pension Fund attributable to the Authority 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 projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.9% (based on the indicative rate of return on high quality corporate bonds [all corporate bonds that have an AA rating from at least one of Moody's and S&P Global Ratings]).

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

- Quoted Securities - bid price
- Unquoted Securities - professional estimate
- Unlisted Securities - average of the bid and offer rates
- Property - market value.

The change in the net pensions liability is analysed into the following components:

#### Service Costs:

- Current service cost - the increase in the present value of the liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
  - Past service cost - the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Authority in the number of employees covered by a plan) - debited to the Surplus or Deficit on The Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
  - Any gain or loss on settlement - arising when an Authority enters into a transaction which eliminates all further legal or constructive obligations for part or all of the benefits provided under a Defined Benefit Plan.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority - 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 & Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

#### Remeasurements of the Net Defined Benefit Liability (asset) comprising:

- 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 present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and b) the effects of changes in actuarial assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

**Contributions by Scheme Participants** - the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).

**Contributions by the Employer** - the increase in scheme assets due to payments made into the scheme by employer.

**Benefits Paid** - payments to discharge liabilities directly to pensioners.

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

### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### 1.11 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them. VAT receivable is excluded from income

### 1.12 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

### 1.13 Property, Plant & Equipment (excluding Infrastructure Assets)

Property, plant and equipment are assets held for use in the provision of services or for administrative purposes on a continuing basis.

**Recognition:** expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (e.g. repairs and maintenance) is charged to revenue as it is incurred. In relation to Assets Under Construction, these are recognised at invoiced cost. Once an Asset Under Construction has reached practical completion, it will become operational and will be transferred to the appropriate asset class.

**Measurement:** Assets are initially measured at cost, comprising of the purchase price and 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 authority does not capitalise borrowing costs incurred while assets are under construction. Assets are then carried in the Balance Sheet using the following measurement bases:

- \* dwellings, other land and buildings, vehicles, plant and equipment - current value, unless there is no market-based evidence because of the specialist nature of the asset then depreciated replacement cost
- \* surplus assets - fair value, determined by the measurement of the highest and best use value of the asset.
- \* all other assets - current value determined as the amount that would be paid for the asset in its existing use.

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

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

Non-current assets are valued in accordance with the guidance published by the Royal Institution of Chartered Surveyors. Valuations are undertaken by the Council's Property Services Department on a recurring, minimum 5 year basis and reviewed annually for impairment and material changes. The valuations were done of the basis of Existing Use Value, Market Value or, in the case of specialised properties on the basis of, Depreciated Replacement Cost in accordance with the RICS Valuation Standards. Valuations are reviewed and signed off by Richard Long FRICS (Registered Valuer), Head of Property Services. The carrying value of asset in the Balance Sheet ahead of new valuations can be different due to both depreciation, an assumed diminution in value, as well as new capital spend.

Where decreases in value are identified, they are accounted for by:

- 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(s) in the Comprehensive Income and Expenditure Statement.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue 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 any 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 by:

- \* 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 accumulated gains).
- \* where there is no balance or insufficient balance in the Revaluation Reserve, 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 reversed subsequently, 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 depreciation that would have been charged if the loss had not been recognised.

## NOTES TO MAIN FINANCIAL STATEMENTS

**Depreciation:** depreciation is provided for on all assets with a determinable finite life (except for investment properties) by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Changes to depreciation charges to reflect revaluations and additions are made a year in arrears.

Depreciation is calculated on the following bases:

- \* other buildings - straight-line allocation over the life of the property as estimated by the valuer
- \* vehicles, plant and equipment - straight-line allocation over the life of the asset as advised by a suitably qualified officer
- \* community assets - straight line allocation over the life of the property as estimated by the valuer
- \* assets under construction - assets are not depreciated until they become operational.

Where an asset has major components whose cost is significant in relation to the total cost of the item (i.e. 20% or more of the asset as a whole), with different estimated useful lives, these are depreciated separately. Assets with a value of less than £500,000 are not subject to the Componentisation Policy.

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

**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 re-valued 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 decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve 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 then reversed out in the Movement in Reserves Statement so there is no impact on the level of council tax.

### Charges to Revenue for Property, Plant & Equipment

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- \* depreciation attributable to the assets used by the relevant service
- \* impairment losses attributable to the clear consumption of economic benefit on property, plant and equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- \* amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement in accordance with its approved Minimum Revenue Provision (MRP) Policy. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

### 1.13a Highways Infrastructure Assets

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

**Recognition:** expenditure on the acquisition or replacement of the network is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (e.g. repairs and maintenance) is charged to revenue as it is incurred.

**Measurement:** Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost.

**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 any 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.

**Depreciation :** Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network follows CIPFA Guidance using estimates endorsed by The UK Roads Leadership Group Asset Management Board, which the Council's Designated Traffic Manager has assessed as reasonable:-

Part of Highway Network	Useful Life
Pedestrian Schemes	25
Cycle Schemes	25
Traffic & Safety Schemes	20
Public Transport Facilities	25
Drainage	25
Resurfacing	25
Stabilisation & Structures	100
Street Lighting	40

**Disposals and derecognition :** When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### 1.14 Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment on a straight line basis to reflect the pattern of consumption of benefits.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority 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(s) 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(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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 the capital receipts reserve.

### 1.15 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but values are reviewed on a recurring annual basis according to market conditions at 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 received in relation to Investment properties are 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 the Capital Receipts Reserve.

### 1.16 Heritage Assets

The Council's museum, galleries, Record Office and libraries hold a number of collections of historical artefacts. The collections include archaeological artefacts, coin collections, fine and decorative art collections, fashionable dress, accessories and associated paperwork collections, rare books, maps, manuscripts and local history collections.

They are maintained for their contribution to knowledge and culture and are held in order to preserve them for future generations. Details relating to accessibility of these items to the public is available on the Council's website.

#### Museum Collections

Museum collections will be reported in the Balance Sheet at market value where the information is available. In other circumstances, valuations for insurance purposes will be used if appropriate. Valuations need not be all recurring and are not required to be carried out or verified by external valuers, and so in most cases will be undertaken by the Museum's Curator. Where officers are unable to value items themselves, external expertise may be used.

Acquisitions will only relate to existing subject fields and areas of collection. The collections will not be extended into new areas. This is in line with the policy set by the Museums and Archives Service. New acquisitions will be recognised at cost for assets purchased. Donated assets will be recognised at valuation if available or insurance values where relevant.

#### Chandeliers

The chandeliers located in the Guildhall will be reported in the balance sheet at a valuation representing their insurance value.

#### Statues and Monuments

The Authority has a number of statues, fountains, memorials and monuments throughout the area. As there is no readily available valuation held by the Council and no definitive market value for these types of assets they will not be recognised on the Council's Balance Sheet.

#### Historical Buildings

The Council owns many historic buildings. Buildings such as the Roman Baths, Victoria Art Gallery and Guildhall are operational buildings and as such remain classified within Property, Plant and Equipment in the Council's balance sheet. Others are held within the Council's Investment Estate. The accounting treatment of these buildings will not change. Some of these buildings contain some items of antique furniture.

### 1.17 Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows and, in future years, we will track movements between these levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority 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.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### 1.18 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Previously called 'Deferred charges' this is expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Revenue expenditure funded from capital incurred during the year has been written off as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the costs from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged on General Fund Balances in the Movement in Reserves Statement so there is no impact on the level of Council Tax.

### 1.19 Cash & 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 highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### 1.20 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 Authority 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 leases inception. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority 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 period in which they are incurred.

Lease payments are apportioned between:

\* a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and

\* a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

The Authority 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 benefiting 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.



## NOTES TO MAIN FINANCIAL STATEMENTS

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### The Authority as Lessor

#### Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- \* a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease debtor (together with any premiums received), and
- \* finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### Operating Leases

Where the Authority grants an operating lease over a property or 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. 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.

### 1.21 Financial Instruments

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority 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. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

#### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets, measured at:

- \* amortised cost
- \* fair value through profit or loss (FVPL), and
- \* fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised costs, except for those whose 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 Costs

Financial assets measured at amortised costs are recognised on the Balance Sheet when the Council becomes 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 & Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 CIES is the amount receivable for the year in the loan agreement.

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 CIES.

#### Expected Credit Loss Model

The Council recognises material expected credit losses on its financial assets held at amortised costs, 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 these losses. Where risk has increased significantly since the instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis on 12-month expected losses.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 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 measurement of the financial assets are based on the following techniques:

- \* instruments with quoted market prices
- \* other instruments with fixed and determinable payments - discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section 1.17 Fair Value Measurement.

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 CIES.

IFRS9 Financial Instruments sets out that investments in equity should be classified at fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of the instruments held at fair value through profit or loss will be recognised in the net cost of services in the CIES and will have a General Fund impact.

### Instruments Entered into Before 1 April 2006

The Authority entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in 1.24.

### 1.22 Inventories and Work in Progress

Inventories and work in progress are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

### 1.23 Controlled Companies

During 2023/24 the Authority had three controlled companies - Aequus Group Holdings Limited, Aequus Construction Limited and Aequus Developments Limited. The turnover and assets held by Aequus Developments Ltd (ADL) and Aequus Construction Ltd. (ACL) is considered significant enough to produce Group Accounts, with further details in Note 45 below.

### 1.24 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but wither 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 accounting statements but disclosed by way of a note giving a brief explanation of any possible obligations and an estimate of the likely financial effect if known.

### 1.25 Accounting for Schools

In determining these accounting policies we have considered the treatment of land and building separately and referred to the requirements and considerations within the following publications and standards:

- The Code of Practice on Local Authority Accounting in the United Kingdom;
- IAS 16 Property, plant and equipment as adopted by the Code;
- IFRIC4 / IAS 17 Leases.

The Code of Practice on Local Authority Accounting concluded that schools are separate entities and that under IFRS 10, Maintained Schools (but not Free Schools or Academies) meet the definition of entities controlled by local authorities which should be consolidated in group accounts. However, rather than requiring local authorities to prepare group accounts, the Code requires local authorities to account for Maintained Schools within their single entity accounts. This includes schools Income and Expenditure as well as assets and liabilities.

Academies and Free Schools are managed completely independently of the Council with funding provided directly by Central Government, with the exception of some top up funding typically for Special Needs. The Council has granted long leases as part of the Academies transfer which includes a peppercorn rent, with the net present value of future minimum lease payments deemed to be nil in the finance lease calculation. No revenue or capital amounts are therefore recognised in the Council's accounts for these schools.

No adjustment is made in the Council's accounts for a Maintained School in the process of conversion to Academy, as it is still possible for them to withdraw from the conversion process, and only treated outside of the Council's accounts from the date of the transfer.

In respect of Maintained Schools, the Council oversees many different types of school including Community, Voluntary Aided and Voluntary Controlled schools, as well as a Foundation School, and has included all income and expenditure and liabilities for these schools in the accounts.

The recognition of Community Schools Non-current Assets within the Property Plant and Equipment Land and Building Valuations is in accordance with usual Service provision and is generally straightforward, with the Council being the freeholder of land and buildings. However, for other Maintained Schools (Voluntary Aided, Voluntary Controlled Schools and Foundation Schools) the accounting is a little more complex, in particular where ownership with the Trustee is not formalised. A further consideration is that the ownership of these school sites can be split into areas of Playing Fields and Buildings, and individual buildings.

A review of Land Registry records has established ownership of the asset by Trustees. However, there is no formal documentation that assigns control of economic benefits and service potential from Trustees to the schools. This arrangement is termed by CIPFA in LAAP101 as a "mere license", terminable by a Trustee at any time without causal action and the Diocese of Clifton has confirmed this as their view for the Catholic schools. It was concluded that "mere licenses" under a lease accounting analysis would not be recognised as assets.

The substance of the arrangement was further tested under IAS16 and IAS17. We considered the tests for legal ownership and future economic benefit, especially with regard to sale proceeds, were clearly determined by matching to Land Registry records held, a view endorsed by valuers that the cost or value of the asset could be measured reliably. We further considered service control tests and we recognise that both parties have influence on decision making, with on balance Trustees being the ultimate decision makers, especially in the longer term. Also in reality the Council has never had cause to challenge Trustee decision making. Our judgement therefore, was to value Trustee schools as Council assets only if their transfers had not been completed. The Land Registry record is the substance of the arrangement as to whether the value of non-current assets should be included in our financial statements.

## NOTES TO MAIN FINANCIAL STATEMENTS

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The Council's adopted policy in the Financial Statements for the accounting treatment of Non-Current Assets Used by Local Authority Maintained Schools that fall within the Authority's boundary is as follows:

- i. Where assets are fully transferred to a Diocese or Trustee Body and there is strong supporting evidence of a transfer, the Authority will not include these assets on its Balance Sheet.
- ii. Where elements of an asset are retained by the Authority and there are Land Titles to support this, the Authority will include these as assets on its Balance Sheet.
- iii. Where transfer to a Diocese or Trustee Body is not complete or pending, the Authority will include these assets on its Balance Sheet.
- iv. Where there is no evidence to support transfer to a Diocese or Trustee Body, the Authority will include these assets on its Balance Sheet.

### 1.26 Group Accounts

Group Accounts are covered by IFRS Standard 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, IAS27 - Separate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures. An assessment of the criteria for the completion of Group Accounts has been undertaken and the conclusion reached that the turnover and assets held by Aequus Developments Ltd (ADL) and Aequus Construction Ltd. (ACL) is considered significant enough to produce Group Accounts, and have therefore been consolidated with the accounts of Bath & North East Somerset Council in the group accounts section of the Statement of Accounts.

All material assets and liabilities relating to maintained schools are included in the Council's accounts. Owing to the nature of schools, it is highly unlikely that there would be any losses.

### 1.27 Joint Working Arrangements

Where the Authority has a joint working arrangement with other organisations, the Authority's share of income and expenditure is accounted for only in the Authority's accounts. An example of this would be Adoption West.

### 1.28 Pooled Budget Arrangements

Under the Section 75 Pooled Funding Arrangement where the Council is lead commissioner and responsible for making contract payments, the Council and Integrated Care Board [ICB] (previously CCG) have adopted a Net Accounting Policy resulting in costs and income attributable to ICB funded Health and Care services being offset to ensure there is no risks of reporting this expenditure in the Council's statement of accounts. Where the ICB is lead commissioner, costs which they fund and pay together with the payment to the Council as lead, are reported in the ICB Statement of Accounts in line with NHS accounting guidance. An example of this is the Better Care Fund.

### 1.29 Events After the Reporting Period

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

- 1) those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- 2) those that are indicative of conditions that arose after the reporting period - 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 of authorisation for issue are not reflected in the Statement of Accounts.

### 1.30 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 - SGC) for the Business Rate Pool (BRP) is recognised by the Council as a debtor (and by SGC as an associated creditor) until such point that the funds are paid out by the BRP to fund Economic Development Fund (EDF) payments in respect of approved programmes.

#### Income

Income receivable by B&NES from the BRP is recognised as revenue in the year it occurs.

#### Expenditure

Expenditure is recognised by the Council on payments being made to the BRP. 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 by the BRP.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2024. The following changes if adopted for the financial year 2023/24 are not expected to have a material effect on the Authorities Statement of Accounts.

**Amendments to IAS1 Presentation of Financial Statements** - Classification of Liabilities as Current or Non- Current

**Amendments to IAS1 Presentation of Financial Statements** - Non-current Liabilities with covenants

**Amendments to IAS 7 Statement of Cash Flows & IFRS7 Financial instruments: Disclosures** - Supplier Finance Arrangements

**Amendments to IAS12 Income Taxes** - International Tax Reform: Pillar Two Model Rules

**Amendments to IFRS 16 Leases** - Lease Liability in a Sale and Leaseback

However the 2024/25 Code also adopts the **International Financial Report Standard 16 Leases (IFRS 16)** for application from 1 April 2024, adopting the following definition of a lease:

*'a contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time'*

The impact of which makes significant changes to the accounting of leases in the Council's Statement of Accounts which is detailed below.

As a result the following changes to the Accounting policy for leases will need to be made in 2024/25.

#### **The Authority as Lessee**

All Leases are finance leases unless they meet one of the following exemption criteria:

1. The lease is for a short term, defined as less than 365 days at inception.
2. The Value of the underlying asset being leased, is of a low value when new, defined as less than £5,000.

Finance leases are recognised on the balance sheet at commencement, as a:

- Right of Use Asset at the date of commencement for the amount equal to the lease liability adjusted for the amount of any prepaid or accrued lease payments; and
- Lease Liability at the date of commencement for an amount equal to the present value of the remaining lease payments discounted using the lessees incremental borrowing rate.

Where a lease meets one of the exemption criteria then it will be classified as an operating lease and accounted for with in the Authorities revenue account.

For existing leases as at 1 April 2024 the Code mandates the following practical expedients:

1. Authorities must apply the Short Term Exemption, based on the remaining life of the lease at transition.
2. To only apply IFRS 16 to contracts previously identified as a lease or containing a lease under IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease, as adopted by the 2023/24 Code.

#### **Nil Considerations leases - Authority as Lessee or Lessor**

The definition of leases adopted by the code brings nil consideration leases into lease accounting, for the first time.

Where assets are leased for nil consideration the right of use asset will be valued at fair value on the date of initial application or where this cannot be obtained at a cost commensurate with the benefits to users of the financial statements, current value shall be used as a proxy. Any gain or loss on transition shall be recognised as a donated asset.

The estimated impact of implementing IFRS 16 accounting, for the authority as lessee, on the main statements are:

- Comprehensive Income & Expenditure Account  
The annual lease payment of £1.16m will be removed from the cost of services and replaced with Minimum Revenue Payments (MRP) and interest payable.
- Balance sheet  
- A £4.79m right of use asset will be added to PPE and accounted for in line with owned assets; and  
- A corresponding lease liability of £4.79m will be created and reported under creditors.

The lease disclose note will from 2024/25 include the in year cost of short term and low value leases currently estimated to be £129k and £180k respectively. Also disclosed will be the weighted average lessee incremental borrowing rate as applied to lease liabilities at initial application which is estimated to be 5.38%, based on the authority being able to borrow at the Public Works Loan Board certainty rate on 1 April 2024.

#### **The Authority as Lessor**

For leases where the authority is a lessor, work is currently ongoing to gather all the information required to make the necessary determination between operating and finance leases. Therefore, the estimated impact of implementing IFRS 16 where the authority is the lessor is not reasonably estimable at the date of production of these accounts.

### 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1 above, the Authority 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:

#### **Fair Value of Public Works Loan Board (PWLB) Loans**

The fair values for loans are based on observable inputs from the financial markets applied to a model developed by our specialist Treasury Advisors, leading to our judgement of level 2 status in the IFRS13 hierarchy for all Financial Instruments. With no history of PWLB loans being transferred we have taken the view that if the PWLB decided to sell its loan assets to other parties, then the market for local authority loans and bonds would be the most similar market. The model uses interest rates as supplied by money market brokers for up to five years from the active market in Local Authority to Local Authority loans. Beyond five years, it uses Local Authority Bonds in Issue, mainly from Transport for London. Interest rate swaps are as supplied by Bloomberg, compiled from banks operating in the over the counter swap market. It then subtracts swap rates from observed rates to calculate the margin, which is interpolated to give a smooth curve.

#### **Pooled Budgets**

Under the Section 75 Pooled Funding Arrangement where the Council is lead commissioner and responsible for making contract payments, the Council and CCG have adopted a Net Accounting Policy resulting in costs and income attributable to CCG funded Health and Care services being offset to ensure there is no risks of reporting this expenditure in the Council's statement of accounts. Where the CCG is lead commissioner, costs which they fund and pay together with the payment to the Council as lead, are reported in the CCG Statement of Accounts in line with NHS accounting guidance. An example of this is the Better Care Fund.

#### **Group Accounts**

In considering whether or not to produce group accounts in line with Accounting Policy 1.26, the Council has reviewed its group activities for the 2023/24 financial year and based on the estimates of group financials for our 100% owned companies. With turnover of Aequus Construction Ltd. (ACL) of £4.384m and Aequus Developments Ltd (ADL) of £1.564m as reported in their own draft accounts, the Council consider these values to be material, and significant enough to produce Group Accounts. Further details are contained within Note 45 below.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### Pensions Liability

An estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Liabilities have been assessed using the projected unit credit actuarial cost method. 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 2022. The next triennial valuation is due to be completed as at 31 March 2025.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out Note 41. The sensitivity analyses 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 estimations in the sensitivity analyses 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 did not change from those used in the previous period.

The liability as at 31st March 2024 is £83.1m.

#### Investment Property / Property, Plant and Equipment Values

The Council has a large number of properties which are valued in accordance with the RICS valuation standards. Individual valuations are undertaken to reflect material changes in circumstances affecting individual properties and properties are valued on a minimum five year basis to comply with the Code of Practice on Local Authority Accounting. As a consequence the balance of properties valued differs from year to year.

The Authority is required to review whether there is any indication of material impairment to property values at the Balance Sheet date, including changes in the value of the asset due to market changes.

To satisfy this requirement the Council's Property Services has undertaken a desktop re-valuation of the asset portfolio using national indices (Investment Property Database (IPD), Building and Construction Industry Standard (BCIS) and a residential land index) and also considered other local factors. They have confirmed that there has been no material impairment to property values and consequently no adjustments have been required.

The effect of 1% change in valuations would represent £2.4m change for Investment Properties (Note14), and £2.6m change for Property Plant and Equipment (Note 12).

### 5 MATERIAL ITEMS OF INCOME AND EXPENSE

There were no material items of Income and Expenditure which are not separately detailed elsewhere in the accounts.

### 6 EVENTS AFTER THE BALANCE SHEET DATE

The Draft Statement of Accounts was authorised for issue by the Executive Director - Resources on xx xxxxx 2024. 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 31st March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this situation.

#### Academy Schools

These accounts reflect the transfer of assets and liabilities in respect of those schools which became Academies in prior financial years. The following schools have submitted applications to convert to Academy status.

St Mary Bath Catholic Primary

St Johns Bath Catholic Primary

## NOTES TO MAIN FINANCIAL STATEMENTS

### 7 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure & Funding Analysis shows how the annual expenditure is used and funded from resources (Government grants, rents, Council Tax and Business Rates) by Local Authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates / Services / Departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

	As reported for Resource Management	Adjustment to arrive at the new amount chargeable to the General Fund Balance (Note 7a)	Net Expenditure charged to the General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
2023/24	£'000	£'000	£'000	£'000	£'000
Leader	(263)	-	(263)	229	(34)
Council Priorities & Delivery	7,603	(300)	7,303	1,863	9,166
Resources	1,745	12,317	14,062	1,804	15,866
Economic & Cultural Sustainable Development	(3,921)	(896)	(4,817)	4,178	(639)
Adult Services	68,262	(1,137)	67,125	1,152	68,277
Children's Services	46,144	39	46,183	(27)	46,156
Climate Emergency & Sustainable Travel	1,354	43	1,397	243	1,640
Built Environment & Sustainable Development	3,278	(636)	2,642	1,280	3,922
Neighbourhood Services	27,651	(2,025)	25,626	11,787	37,413
Highways	(2,062)	(2,659)	(4,721)	6,760	2,039
<b>Net Cost Of Services</b>	<b>149,791</b>	<b>4,746</b>	<b>154,537</b>	<b>29,269</b>	<b>183,806</b>
Other Income & Expenditure	(139,054)	(18,298)	(157,352)	(381)	(157,733)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>10,737</b>	<b>(13,552)</b>	<b>(2,815)</b>	<b>28,888</b>	<b>26,073</b>
Opening General Fund Balance at 31 March 2023			83,626		
<b>Closing General Fund Balance at 31 March 2024</b>			<b>86,441</b>		

	As reported for Resource Management	Adjustment to arrive at the new amount chargeable to the General Fund Balance (Note 7a)	Net Expenditure charged to the General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
2022/23 (Restated)	£'000	£'000	£'000	£'000	£'000
Leader	(423)	(882)	(1,305)	(41)	(1,346)
Council Priorities & Delivery	2,980	806	3,786	-	3,786
Resources	(4,593)	13,356	8,763	5,478	14,241
Economic & Cultural Sustainable Development	1,664	4,207	5,871	3	5,874
Adult Services	67,826	(2,470)	65,356	3,792	69,148
Children's Services	36,540	(1,238)	35,302	5,274	40,576
Climate Emergency & Sustainable Travel	1,120	(956)	164	1,088	1,252
Built Environment & Sustainable Development	2,767	(10)	2,757	681	3,438
Neighbourhood Services	24,950	(6,752)	18,198	10,960	29,158
Highways	(897)	42	(855)	2,762	1,907
<b>Net Cost Of Services</b>	<b>131,934</b>	<b>6,103</b>	<b>138,037</b>	<b>29,997</b>	<b>168,034</b>
Other Income & Expenditure	(94,131)	(16,209)	(110,340)	(41,430)	(151,769)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>37,803</b>	<b>(10,106)</b>	<b>27,697</b>	<b>(11,433)</b>	<b>16,266</b>
Opening General Fund Balance at 31 March 2022			111,323		
<b>Closing General Fund Balance at 31 March 2023</b>			<b>83,626</b>		

## NOTES TO MAIN FINANCIAL STATEMENTS

### 7a NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2023/24	Rental Income reported at Portfolio Level (a) £'000	Other Income reported at Portfolio Level (a) £'000	Interest Payments reported at Portfolio Level (a) £'000	Other Payments reported at Portfolio Level (a) £'000	Adjustments to the net amount chargeable to the General Fund £'000
Leader					-
Council Priorities & Delivery				(300)	(300)
Resources	16,113	20,570	(17,941)	(6,425)	12,317
Economic & Cultural Sustainable Development	388			(1,284)	(896)
Adult Services				(1,137)	(1,137)
Children's Services				39	39
Climate Emergency & Sustainable Travel				43	43
Built Environment & Sustainable Development				(636)	(636)
Neighbourhood Services				(2,025)	(2,025)
Highways				(2,659)	(2,659)
<b>Net Cost of Services</b>	<b>16,501</b>	<b>20,570</b>	<b>(17,941)</b>	<b>(14,384)</b>	<b>4,746</b>
Other Income & Expenditure	(16,501)	(20,570)	7,354	11,419	(18,298)
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>(10,587)</b>	<b>(2,965)</b>	<b>(13,552)</b>

	Adjustment for capital purposes (b) £'000	Net charges for Pension Fund adjustment (c) £'000	Other Adjustments (d) £'000	Total Adjustments Between Funding & Accounting Basis £'000
Leader	229	-	-	229
Council Priorities & Delivery	1,859	-	4	1,863
Resources	(9,041)	(1,395)	12,240	1,804
Economic & Cultural Sustainable Development	4,631	(455)	2	4,178
Adult Services	1,802	(652)	2	1,152
Children's Services	763	(803)	13	(27)
Climate Emergency & Sustainable Travel	243	-	-	243
Built Environment & Sustainable Development	1,476	(199)	3	1,280
Neighbourhood Services	12,778	(994)	3	11,787
Highways	7,137	(377)	-	6,760
<b>Net Cost of Services</b>	<b>21,877</b>	<b>(4,875)</b>	<b>12,267</b>	<b>29,269</b>
Other Income & Expenditure	(2,895)	4,841	(2,326)	(381)
<b>Surplus or Deficit</b>	<b>18,981</b>	<b>(34)</b>	<b>9,941</b>	<b>28,888</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

2022/23 (Restated)	Rental Income reported at Portfolio Level (a) £'000	Other Income reported at Portfolio Level (a) £'000	Interest Payments reported at Portfolio Level (a) £'000	Other Payments reported at Portfolio Level (a) £'000	Adjustments to the net amount chargeable to the General Fund £'000
Leader				(882)	(882)
Council Priorities & Delivery				806	806
Resources	15,062	18,015	(16,873)	(2,848)	13,356
Economic & Cultural Sustainable Development	632			3,575	4,207
Adult Services				(2,470)	(2,470)
Children's Services				(1,238)	(1,238)
Climate Emergency & Sustainable Travel				(956)	(956)
Built Environment & Sustainable Development				(10)	(10)
Neighbourhood Services				(6,752)	(6,752)
Highways				42	42
<b>Net Cost of Services</b>	<b>15,694</b>	<b>18,015</b>	<b>(16,873)</b>	<b>(10,733)</b>	<b>6,103</b>
Other Income & Expenditure	(15,694)	(18,015)	7,280	10,220	(16,209)
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>(9,593)</b>	<b>(513)</b>	<b>(10,106)</b>

	Adjustment for capital purposes (b) £'000	Net charges for Pension Fund adjustment (c) £'000	Other Adjustments (d) £'000	Total Adjustments Between Funding & Accounting Basis £'000
Leader	(41)			(41)
Council Priorities & Delivery	-			-
Resources	(6,686)	2,690	9,474	5,478
Economic & Cultural Sustainable Development			3	3
Adult Services	1,327	2,462	3	3,792
Children's Services	2,067	3,148	59	5,274
Climate Emergency & Sustainable Travel	1,088	-	-	1,088
Built Environment & Sustainable Development	162	514	5	681
Neighbourhood Services	8,202	2,753	5	10,960
Highways	1,436	1,326	-	2,762
<b>Net Cost of Services</b>	<b>7,555</b>	<b>12,893</b>	<b>9,549</b>	<b>29,997</b>
Other Income & Expenditure	(20,189)	8,786	(30,026)	(41,429)
<b>Surplus or Deficit</b>	<b>(12,634)</b>	<b>21,679</b>	<b>(20,477)</b>	<b>(11,432)</b>

(a) For Management Reporting, the Authority includes rental income from investment properties and interest income in the Economic Development & Resources Portfolio. Also, expenditure relating to borrowing, Investment Estate Management and Traded Operations are also reported within the Portfolios. However, these items are reported in the Financial Statements below the Cost of Service line, and are therefore reallocated within this note. Transfers to balances & revenue funding of capital which are shown as expenditure within the Portfolio reporting have also been removed, in order to show the net expenditure chargeable to the General Fund balance.

(b) This column adds depreciation, impairments and revaluation gains and losses. It also adjusts for the capital disposals with a transfer of the income on the disposal and the amounts written off, and adjusts for the recognition of Capital Grant income.

(c) This column shows which lines have been affected by the removal of pension contributions and replacement with IAS19 debits and credits.

(d) These adjustments are the timing differences for debits relating to premiums, variations in the amount chargeable for NDR & Council Tax under statute and the Code, and accumulated absence adjustments.



## NOTES TO MAIN FINANCIAL STATEMENTS

### 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2023/24	General Fund Balance £'000's	Usable Reserves Capital Receipts Reserve £'000's	Capital Grants Unapplied £'000's	Movement in Unusable Reserves £'000's
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Charges for depreciation of Non-Current Assets	16,431			(16,431)
Revaluation gains / Impairments on Property Plant & Equipment	14,085			(14,085)
Movements in the Market Value of Investment Properties	14,563			(14,563)
Amortisation of Intangible Assets	233			(233)
Capital Grants & contributions applied	(5,879)			5,879
Revenue expenditure funded from Capital under Statute	7,962			(7,962)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	867			(867)
Impairment allowance for capital expenditure loans	9			(9)
<b>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Statutory provision for the financing of capital investment expenditure charged against the General Fund	(10,184)			10,184
Principal repayment of Avon Loan	(403)			403
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(17,308)		17,308	
Application of grants to capital financing transferred to the Capital Adjustment Account			(17,308)	17,308
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,018)	1,018		
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,356)		2,356
Capital expenditure financed from revenue	(928)			928
Contributions from the capital receipts reserve to finance payments to the Government capital receipts pool	-	-		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		8		(8)
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-			-
<b>Adjustments primarily 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 year in accordance with statutory requirements	(169)			169
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	8,810			(8,810)
<b>Adjustments primarily involving the Pooled Fund Adjustment Account:</b>				
Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement is different from that calculated for the year in accordance with statutory requirements.	1,089			(1,089)
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	19,630			(19,630)
Employer's pensions contribution and direct payments to pensioners payable in the year	(19,664)			19,664
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	198			(198)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27			(27)
Other movements	537			(537)
<b>Total Adjustments</b>	<b>28,888</b>	<b>(1,331)</b>	<b>-</b>	<b>(27,557)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

2022/23

	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000's	£'000's	£'000's	£'000's
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Charges for depreciation of Non-Current Assets	14,338			(14,338)
Revaluation gains / Impairments on Property Plant & Equipment	1,105			(1,105)
Movements in the Market Value of Investment Properties	20,868			(20,868)
Amortisation of Intangible Assets	224			(224)
Capital Grants & Contributions Applied	(4,740)			4,740
Revenue expenditure funded from Capital under Statute	5,748			(5,748)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	2,264			(2,264)
Impairment allowance for capital expenditure loans	(53)			53
<b>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Statutory provision for the financing of capital investment expenditure charged against the General Fund	(9,174)			9,174
Principal repayment of Avon Loan	(419)			419
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(40,050)		40,050	
Application of grants to capital financing transferred to the Capital Adjustment Account			(40,072)	40,072
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,271)	3,271		
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,755)		2,755
Capital expenditure financed from revenue	(1,026)			1,026
Contributions from the capital receipts reserve to finance payments to the Government capital receipts pool	-	-		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		8		(8)
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-			-
<b>Adjustments primarily 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 year in accordance with statutory requirements	(170)			170
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	16			(16)
<b>Adjustments primarily involving the Pooled Fund Adjustment Account:</b>				
Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement is different from that calculated for the year in accordance with statutory requirements.	1,529			(1,529)
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	39,038			(39,038)
Employer's pensions contribution and direct payments to pensioners payable in the year	(17,359)			17,359
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	(21,932)			21,932
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	80			(80)
Other movements	1,553			(1,553)
<b>Total Adjustments</b>	<b>(11,432)</b>	<b>524</b>	<b>(22)</b>	<b>10,930</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 9 OTHER OPERATING EXPENDITURE

	2023/24	2022/23
	£'000	£'000
(Gain) / Loss on disposal of non-current assets	(157)	(1,015)
Parish Precepts	3,365	3,074
Levy payments to joint bodies	5,459	5,455
	<u>8,667</u>	<u>7,514</u>

### 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24	2022/23
	£'000	£'000
Interest Payable & Premiums	7,354	7,280
Interest & Investment Income	(2,302)	(1,532)
Net Deficit/(Surplus) on Trading Services	97	-
Income & expenditure in relation to Investment properties and changes in fair value	(401)	6,865
Impairment of Financial Instruments	6	(55)
Loss / (Gain) on Financial Instruments carried at Fair Value through Profit or Loss	1,089	1,529
Net Interest on the Net Defined Benefit Liability (Asset)	4,841	8,786
	<u>10,684</u>	<u>22,873</u>

### 11 TAXATION AND NON-SPECIFIC GRANT INCOME

	2023/24	2022/23
	£'000	£'000
Council Tax Income	(117,301)	(110,326)
Non-Domestic Rates Income & Expenditure	(24,206)	(15,275)
Non-ringfenced Government grants	(18,268)	(16,483)
Capital grants and contributions	(17,309)	(40,072)
	<u>(177,084)</u>	<u>(182,156)</u>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT & EQUIPMENT

Movement in 2023/24:

	Other Land & Buildings £'000	Community Assets £'000	Veh'cls, Plant & Equipment £'000	Assets Under Construction £'000	Surplus Assets £'000	Heritage Assets £'000	Total Property, Plant & Equipment (excl. Infrastructure) £'000
<b>Cost or valuation as at 1 April 2023</b>	263,511	4,335	47,595	61,089	3,428	48,564	<b>428,522</b>
Additions	25,910	527	4,944	8,653	3	-	<b>40,037</b>
Revaluations increases/(decreases) recognised in the Revaluation Reserve	5,712	-	-	-	(2)	-	<b>5,710</b>
Revaluations increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(15,163)	-	-	-	-	-	<b>(15,163)</b>
De-recognition - Disposals	(264)	-	(1,919)	-	-	-	<b>(2,183)</b>
Assets reclassified to/from Held for sale	-	-	-	-	-	-	-
Reclassifications - other	26,457	12	127	(29,467)	-	-	<b>(2,871)</b>
Other Movements	(556)	-	-	-	-	-	<b>(556)</b>
<b>Valuation as at 31 March 2024</b>	<b>305,607</b>	<b>4,874</b>	<b>50,747</b>	<b>40,274</b>	<b>3,429</b>	<b>48,564</b>	<b>453,495</b>

#### Accumulated Depreciation and Impairment

Accumulated depreciation as at 1 April 2023	(1,301)	-	(25,500)	-	-	-	<b>(26,801)</b>
Adjustment to opening balance	-	-	-	-	-	-	-
Depreciation charge in year	(5,567)	-	(4,894)	-	-	-	<b>(10,461)</b>
Depreciation written out to the Revaluation Reserve	3,673	-	-	-	-	-	<b>3,673</b>
Depreciation written out to the Surplus/Deficit on Provision of Services	1,083	-	-	-	-	-	<b>1,083</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/deficit on Provision of Services*	-	-	-	-	-	-	-
De-recognition - disposals	8	-	1,570	-	-	-	<b>1,578</b>
Other Movements in Depreciation & Impairment	-	-	-	-	-	-	-
<b>Accumulated depreciation at 31 March 2024</b>	<b>(2,104)</b>	<b>-</b>	<b>(28,823)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,928)</b>
<b>Balance sheet amount 31 March 2024</b>	<b>303,503</b>	<b>4,874</b>	<b>21,923</b>	<b>40,274</b>	<b>3,429</b>	<b>48,564</b>	<b>422,567</b>

#### Revaluations (GBV)

Carried at Historic Cost	2,260	4,874	50,747	40,274	6		98,161
Heritage Valuations (Insurance or Curatorial)						48,564	48,564
Surplus Properties at Fair Value							
Valued at Current value as at:							
Y/E 31/03/2024	256,415				6		256,421
Y/E 31/03/2023	16,591				7		16,598
Y/E 31/03/2022	14,644				2,579		17,223
Y/E 31/03/2021	13,735				812		14,547
Y/E 31/03/2020	1,962				19		1,981
Y/E 31/03/2019	-				-		-
<b>Total Cost or Valuation</b>	<b>305,607</b>	<b>4,874</b>	<b>50,747</b>	<b>40,274</b>	<b>3,429</b>	<b>48,564</b>	<b>453,495</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

Comparative Movements in 2022/23:

	Other Land & Buildings	Community Assets	Veh'cls, Plant & Equipment	Assets Under Construction	Surplus Assets	Heritage Assets	<b>Total Property, Plant &amp; Equipment</b> (excl. Infrastructure)
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost or valuation as at 1 April 2022</b>	232,039	1,558	44,883	72,302	3,543	48,382	<b>402,707</b>
Additions	15,361	558	3,788	27,820	12	-	<b>47,541</b>
Revaluations increases/(decreases) recognised in the Revaluation Reserve	18,969	-	-	-	(92)	182	<b>19,059</b>
Revaluations increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(2,239)	-	-	-	1	-	<b>(2,238)</b>
De-recognition - Disposals	(1,404)	-	(2,022)	-	(28)	-	<b>(3,454)</b>
Assets reclassified to/from Held for sale	-	-	-	-	-	-	-
Reclassifications - other	1,222	2,220	945	(37,930)	-	-	<b>(33,543)</b>
Other Movements	(439)	(1)	-	(1,103)	(7)	-	<b>(1,550)</b>
<b>Valuation as at 31 March 2023</b>	<b>263,511</b>	<b>4,335</b>	<b>47,595</b>	<b>61,089</b>	<b>3,428</b>	<b>48,564</b>	<b>428,522</b>
<b>Accumulated Depreciation and Impairment</b>							
Accumulated depreciation as at 1 April 2022	(980)	-	(22,842)	-	-	-	<b>(23,821)</b>
Depreciation charge in year	(4,825)	-	(4,601)	-	-	-	<b>(9,426)</b>
Depreciation written out to the Revaluation Reserve	3,223	-	-	-	-	-	<b>3,223</b>
Depreciation written out to the Surplus/Deficit on Provision of Services	1,124	-	-	-	-	-	<b>1,124</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/deficit on Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals	156	-	1,944	-	-	-	<b>2,100</b>
Other Movements in Depreciation & Impairment	-	-	-	-	-	-	-
<b>Accumulated depreciation at 31 March 2023</b>	<b>(1,301)</b>	<b>-</b>	<b>(25,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,801)</b>
<b>Balance sheet amount 31 March 2023</b>	<b>262,210</b>	<b>4,335</b>	<b>22,095</b>	<b>61,089</b>	<b>3,428</b>	<b>48,564</b>	<b>401,721</b>

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Other Land and Buildings	30 - 60 years
Vehicles, Plant and Equipment	3 - 10 years

## NOTES TO MAIN FINANCIAL STATEMENTS

### Revaluations

The Council carries out a recurrent rolling programme that ensures all PPE required to be measured out at least every five years, along with other revaluations as required. New valuations undertaken in 2023/24 were carried out to the value of £256.4m. Along with existing valid valuations, acquisitions and disposals this gave a total valuation of £306.8m. All valuations of land & 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.

The general assumptions applied in estimating the values are as follows:

- Properties classified as occupied by the council for the purpose of its business have been valued on the basis of Fair Value (Existing Use Value), assuming vacant possession on all parts occupied by the Council.
- Surplus Properties have been valued with their "highest and best use" and are deemed to be level 2 Valuations from the hierarchy outlined in policy 1.17.
- Specialist building are valued at Depreciation replacement cost (e.g. Schools)
- All other assets are valued at Historical Costs, including Infrastructure and Vehicles
- Specific Voluntary Aided / Controlled schools, along with the Foundation School, where title deeds are not assigned to the Council are not included on the Council's Balance Sheet. In addition, no Academy Schools are held on the balance sheet.
- To Assets not revalued in year, estimated for enhancing expenditure and depreciation of useful life is applied.

### Capital Commitments

At 31 March 2024 the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years estimated to cost £14.161m.

These are detailed below:

	2023/24	2022/23
	£'000	£'000
Bath Western Riverside Phase 2	374	871
Bath Quays	1,440	1,229
Clean Air Zone	42	206
Cleveland Bridge	70	442
Cycling and Walking Schemes	99	202
Education & Children's Services	300	2
Expansion of St Keyna Primary School	3,760	-
Green Infrastructure incl Parks & Allotments	246	201
Keynsham Reuse and Recycling Centre	391	22,785
Liveable Neighbourhoods	193	579
Resources (Property) Schemes	2,509	3,012
Social Rent Programme	2,511	240
Sydney Gardens	-	261
Waste incl Cleaning Vehicles	1,188	1,484
Other	1,038	1,045
<b>Total</b>	<b>14,161</b>	<b>32,559</b>

## 12a INFRASTRUCTURE ASSETS

Infrastructure assets have been separated from the Property, Plant and Equipment disclosure in Note 12 above, which includes accumulated cost and depreciation, and are shown below, detailing movements in Net Book Value only.

	2023/24	2022/23
	£'000	£'000
<b>Net book Value at 1 April</b>	133,532	104,407
Additions	11,920	18,033
Depreciation	(5,970)	(4,911)
Impairment		
Reclassifications	4,908	16,004
Other Movements	(94)	-
<b>Net book Value at 31 March</b>	<b>144,297</b>	<b>133,532</b>

## 13 HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority:

	Victoria Art Gallery	Roman Baths	Fashion Museum	Chandeliers	Records Office	Library	Total
<b>2023/24</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1st April	16,050	10,063	12,200	2,000	5,440	2,811	48,564
Additions							-
Disposals							-
Revaluations							-
Impairment Losses/(reversals) recognised in the Revaluation Reserve							-
Impairment Losses/(reversals) recognised in the Surplus or Deficit on Provision of Service							-
<b>31st March</b>	<b>16,050</b>	<b>10,063</b>	<b>12,200</b>	<b>2,000</b>	<b>5,440</b>	<b>2,811</b>	<b>48,564</b>

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority:

	Victoria Art Gallery	Roman Baths	Fashion Museum	Chandeliers	Records Office	Library	Total
<b>2022/23</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1st April	16,135	9,996	12,200	1,800	5,440	2,811	48,382
Additions							-
Revaluations	(85)	67		200			182
<b>31st March</b>	<b>16,050</b>	<b>10,063</b>	<b>12,200</b>	<b>2,000</b>	<b>5,440</b>	<b>2,811</b>	<b>48,564</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 14 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.

	2023/24	2022/23
	£'000	£'000
Rental Income from Investment Property	(16,501)	(15,694)
Direct operating expenses arising from Investment Property	2,498	1,691
Net gain/(loss)	<u>(14,964)</u>	<u>(14,003)</u>

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

The following table summarises the movement in the fair value of investment properties over the year.

	2023/24	2022/23
	£'000	£'000
Balance at start of year	256,385	257,093
Adjustment to opening balance		
Additions of expenditure	2,232	2,688
Disposals	-	-
Net gains/(losses) from fair value adjustments	(14,563)	(20,868)
Transfer (to)/from Property, Plant & Equipment	(2,038)	17,472
<b>Balance at end of the year</b>	<u>242,016</u>	<u>256,385</u>

The Council carries out annual valuations of all investment properties. The valuer's report identified a total valuation of £242.0m, being all Level 2 in the hierarchy outlined in policy 1.17. Valuations 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.

### 15 INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, Plant and Equipment. All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the Authority.

	2023/24	2022/23
	£'000	£'000
<b>Cost or valuation as at 1 April</b>	<b>1,485</b>	<b>1,507</b>
Purchases	61	154
Transfers	-	66
Disposals	2	(242)
Net gains/losses from fair value adjustments		
<b>Cost or valuation as at 31 March</b>	<u>1,548</u>	<u>1,485</u>
Accumulated Amortisation as at 1 April	836	739
Amortisation for the period	233	224
Amortisation Write Back (Disposals)	-	(127)
Accumulated Amortisation at 31 March	<u>1,069</u>	<u>836</u>
<b>Net Carrying amount at 31 March</b>	<u>480</u>	<u>649</u>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 16 FINANCIAL INSTRUMENTS

Balances: The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

	Long-Term		Current	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost - loans	210,686	236,204	-	10,000
Accrued Interest (1)	-	-	1,865	2,311
Financial liabilities at amortised cost trade creditors	-	-	19,994	17,386
<b>Total borrowings</b>	<b>210,686</b>	<b>236,204</b>	<b>21,859</b>	<b>29,697</b>

The Authority does not have any Financial Liabilities at fair value through profit and loss.

	31 March 2023		31 March 2024	
	£'000	£'000	£'000	£'000
	Financial assets held at amortised cost *	-	-	32,300
Accrued Interest (1) *	-	-	268	223
Financial assets held at fair value through profit and loss	-	-	8,782	7,693
Cash	-	-	1,152	2,050
Loans & receivables - Loans	5,974	7,004	64	42
Loans & receivables - trade debtors	-	-	10,863	15,970
<b>Total Investments</b>	<b>5,974</b>	<b>7,004</b>	<b>53,429</b>	<b>48,078</b>

(1) Accrued interest reflects interest on financial liabilities/loans & receivables which is payable within 12 months of the balance sheet date.

\* The "Financial assets held at amortised cost" and "accrued interest" figures above include those short-term investments classed as Cash Equivalents, as detailed in Note 20. Cash Equivalents equated to £22.215m as at 31st March 2024, with the remaining £0.18m being short term investments. (£27.389m Cash Equivalents as at 31st March 2023, with £5.179m being short term investments).

The Authority does not have any material Unquoted Equity Instruments at Cost.

The Authority has not granted any financial guarantees or material soft loans.

#### Financial Instruments Income, Expense, Gains & Losses

	Financial Assets & Liabilities at Fair Value measured at amortised cost			Financial Assets & Liabilities at Fair Value measured at amortised cost		
	through Profit & Loss			through Profit & Loss		
	31 March 2023	31 March 2023	31 March 2023	31 March 2024	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense *	(6,751)	-	(6,751)	(7,284)	-	(7,284)
Impairment Losses	-	55	55	-	(6)	(6)
Premium on Early Repayment of Debt	-	-	-	428	-	428
<b>Interest Payable &amp; Similar Charges</b>	<b>(6,751)</b>	<b>55</b>	<b>(6,696)</b>	<b>(6,856)</b>	<b>(6)</b>	<b>(6,862)</b>
Interest Income	1,112	420	1,532	1,863	439	2,302
<b>Interest &amp; investment Income</b>	<b>1,112</b>	<b>420</b>	<b>1,532</b>	<b>1,863</b>	<b>439</b>	<b>2,302</b>
Net Gain / (Loss) on Financial Assets Measured at Fair Value Through Profit or Loss	-	(1,529)	(1,529)	-	(1,089)	(1,089)
<b>Total Net gain/(loss) for the Year</b>	<b>-</b>	<b>(1,529)</b>	<b>(1,529)</b>	<b>-</b>	<b>(1,089)</b>	<b>(1,089)</b>
<b>Total Net Income, Expense, Gains &amp; Losses</b>	<b>(5,639)</b>	<b>(1,054)</b>	<b>(6,693)</b>	<b>(4,993)</b>	<b>(656)</b>	<b>(5,649)</b>

\* The Council also paid £0.900m (of which £0.403m related to principal), in respect of its share of debt relating to the former Avon County Council which is managed by Bristol City Council.



## NOTES TO MAIN FINANCIAL STATEMENTS

### Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. IFRS 13 Reporting has required fair values to be disclosed, defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the balance sheet date.

Our valuations of assets and liabilities represent present value of the cash flows that will take place over the remaining term of the instruments. Valuations also have the following specific features:

+ cash flows arising from Public Works Loan Board loans have been discounted on an IFRS13 basis, so that the fair value equals the amount at which the authority could repay its loans on balance sheet date.

+ The fair values of long-term "Lender's Option Borrower's Option" (LOBO) loans have been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate interest rate swap rate and reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.

+ cash flows arising from Local & Police Authority Loans have been discounted at money market rates available for loans of similar remaining maturities on the balance sheet date.

+ cash flows arising from investments have been discounted at money market rates available for investments of similar remaining maturities on the balance sheet date.

+ the fair value of trade receivables and payables is taken to be the invoiced amount.

+ The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	31 March 2023		31 March 2024	
		Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial liabilities held at amortised cost:					
Financial Liabilities - PWLB Loans (Long Term Borrowing)	2	191,714	156,834	227,692	195,770
Financial Liabilities - Local & Police Authority Loans (Long Term Borrowing)	2				
Financial Liabilities - Market Loans (Long Term Borrowing)	2	20,838	23,631	10,409	11,616
<b>Total</b>		<u>212,551</u>	<u>180,465</u>	<u>238,101</u>	<u>207,386</u>
<i>Liabilities for which fair values are not disclosed:</i>					
Financial Liabilities - Local & Police Authority Loans (Short Term Borrowing)		0		10,413	
Financial Liabilities - trade creditors (see Note 21)		19,994		17,386	
<b>Total Financial Liabilities</b>		<u>232,545</u>		<u>265,900</u>	

The total long term borrowing shown above is the sum of the financial liabilities at amortised costs and the accrued interest from the table in the previous page.

The fair value as at 31st March 2024 on the Council's portfolio of loans is lower than the carrying amount because the interest rate payable is lower than prevailing rate at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

	Fair value Level	31 March 2023		31 March 2024	
		Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<i>Financial assets held at fair value:</i>					
Strategic Investment funds	2	8,782	8,782	7,693	7,693
<i>Financial assets held at amortised cost:</i>					
Money market funds and S/Term deposits	1	32,300	40,785	22,100	22,100
<b>Total</b>		<u>41,082</u>	<u>49,567</u>	<u>29,793</u>	<u>29,793</u>
<i>Assets for which fair value is not disclosed:</i>					
Accrued Interest		268		223	
Cash		1,152		2,050	
Loans & receivables - Loans		6,037		7,046	
Loans & Receivables - trade debtors (see Note 19)		10,863		15,970	
<b>Total Financial Assets</b>		<u>59,402</u>		<u>55,082</u>	

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

## NOTES TO MAIN FINANCIAL STATEMENTS

### Disclosure of 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 and refinancing risk - the possibility that the Authority might not have funds available, or that it may have to borrow funds at a high rate of interest, to meet its financial obligations.
- \* market risk - the possibility that changes in market variables such as interest rates and asset prices may place an unexpected burden on the Authority's finances.

The Authority'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 the central treasury team, under policies approved by the Authority in the Annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk interest rate risk and investment of surplus cash.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. The Council's approved Treasury Management Strategy for 2023/24 sets the minimum credit ratings for the banks and financial institutions with which deposits can be made. The minimum credit ratings were Long Term rating A- or equivalent for UK banks and Foreign banks. The Council also set additional criteria in relation to the time limit and amount of monies which will be invested with financial institutions based on the level of their credit rating with a maximum lending limit of £10m restricted to UK banks and foreign banks.

For operational reasons, the Treasury Management Strategy for 2023/24 permitted the overnight use of the Council's current bank account provider (NatWest), subject to maintaining a credit rating of not lower than BBB-

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £15m per country for those rated AAA and £10 million for those rated AA+ per country. Banks that are domiciled in one country but are owned in another country will need to meet the rating criteria of and will count against the limit for both countries. There is no aggregate limit on investments in the UK.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

IFRS9 Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 112% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. At 31st March 2024, the value of the loss allowances related to treasury investments was £NIL. (2022/23 £4k).

In furtherance of the Council's service objectives, it has lent money to the various companies as set out in the table below. The Council manages the credit risk inherent in its loans in line with its published Investment Strategy, and IFRS9 loss allowances have been calculated by reference to the possibility of default in next 12 months using an interest rate margin approach. No material loans were written off to the Surplus or Deficit on the Provision of Services in 2023/24.

	Aequus Development Limited	Aequus Construction Limited	Aequus Working Capital	Other Loans	Totals
	£'000	£'000	£'000	£'000	£'000
Loans Brought Forward	5,973	-	-	86	<b>6,059</b>
New Loan Issued (*)	-	1,290	-	-	<b>1,290</b>
Repayments	(264)	(1)	-	(8)	<b>(273)</b>
<b>Loans Balance at 31st March 2024</b>	<b>5,709</b>	<b>1,289</b>	<b>-</b>	<b>78</b>	<b>7,076</b>
Cumulative IFRS 9 Loan Impairments at 31st March 2024	(25)	(4)	-	(1)	<b>(30)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

	2024 £'000	2023 £'000
Trade Debtors	15,970	10,863
Total debtors at 31st March (including trade debtors)	56,844	48,441

The historical experience of default for deposits is based on a simple tri-agency average of historic default rates over the past 12 months from Fitch, Moody's and Standard & Poor's rating agencies.

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 due to its tight investment policy.

The Authority does not generally allow credit for customers, such that the balance of £15.8m outstanding at 31st March 2024 is all past its due date for payment.

The past due but not impaired amount can be analysed by age as follows:

	31 March 2024 £'000's	31 March 2023 £'000's
Less than three months	12,696	7,537
Three to six months	730	570
Six months to one year	928	650
More than one year	1,616	2,106
	<u>15,970</u>	<u>10,863</u>

The following table provides analysis of investment balances (including accrued interest) as at 31st March by the country of the counterparty. If the financial institution is part of a group, the country is assessed by the parent financial institution.

	Amount at 31 March 2024		Amount at 31 March 2023	
	£'000's	%	£'000's	%
<b>Loans &amp; Receivables (Cash on Deposit) by Country Analysis</b>				
UK Debt Management Office	-	0.0%	-	0.0%
UK Local Authorities	-	0.0%	5,079	12.3%
UK - Other Financial Institutions	22,215	74.0%	27,389	66.2%
Pooled funds not subject to credit risk	7,800	26.0%	8,882	21.5%
<b>Total</b>	<u>30,015</u>	<u>100%</u>	<u>41,350</u>	<u>100%</u>

### Liquidity and Refinancing Risk

As the Council has ready access to borrowing from both the money market and the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The risk is managed by maintaining a spread of fixed interest rate loans and ensuring that not more than 50% of loans are due to mature within 12 months, this is in line with the Treasury Management Strategy and is managed by careful planning when new loans are taken out or any debt restructuring takes place.

### The maturity analysis of borrowing is as follows:

	31 March 2023 £'000	31 March 2024 £'000
Borrowing due for repayment:		
Under 1 year *	20,432	20,193
Between 1 and 2 years	-	20,000
Between 2 and 5 years	-	-
Between 5 and 10 years	15,000	15,000
Between 10 and 15 years	20,300	40,300
Between 15 and 20 years	55,541	73,838
Between 20 and 25 years	39,141	17,019
Between 25 and 30 years	-	-
Between 35 and 40 years	20,000	20,000
Between 40 and 45 years	30,741	39,854
Between 45 and 50 years	9,532	0
	<u>210,686</u>	<u>246,204</u>

Trade creditors and interest on borrowing are not included in the above table. They fall due to be paid in less than one year.

The Council does hold £10m of borrowing through market loans called LOBO's (Lenders Option Borrowers Option) where, after an initial fixed interest period, the lender has six monthly options to increase the coupon rate of the loan (call date). If the lender decided to increase the coupon rate the Council would have the option to either agree to the increased rate or to repay the loan with no penalty charge. In the event that the Council decided to repay the loan and long term borrowing rates were unfavourable, it is likely that short term borrowing would be undertaken until long term rates return to target levels. The fixed interest period has passed on all loans and the lender has options to change the rate of interest in April and October of each year the loan continues.

\* The Council's LOBO loans are included as maturing within 1 year in the table above as the CIPFA Treasury Management Code requires to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date (6 monthly).

All trade and other payables are due to be paid in less than one year.

The Council has a target to have at least £15m of liquid investments to meet unexpected payments with in a rolling three month period. As at 31 March 2024 the balance of liquid cash held was £22.2m (2022/23 £27.3m).

## NOTES TO MAIN FINANCIAL STATEMENTS

### Market Risk

#### Interest Rate Risk

The Council is exposed to risk in terms of its exposure 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 interest rates would have the following effects:

- \* borrowings at variable rates - the interest expense charged to the Income and Expenditure Statement will rise
- \* borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- \* investments at variable rates - the interest income credited to the Income and Expenditure Statement will rise
- \* investments at fixed rates - the fair value of the assets will fall.

Borrowings and fixed rate investments are not carried at fair value, so nominal gains and losses on fixed rate borrowings & investments would not impact on the Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Statement and effect the General Fund Balance £ for £.

The effect of interest rates is monitored throughout the year and the impacts are reflected in budget monitoring reports which identify performance against the budget. This allows any adverse changes to be accommodated.

For indication purposes, at 31st March 2024, if interest rates had varied by 1% with all other variables held constant, the financial effect would be:

	Rise £'000	Fall £'000
Increase / Decrease in interest payable on variable rate borrowings	102	(27)
Increase / Decrease in interest receivable on variable rate investments	(200)	200
Impact on Income and Expenditure Statement	<u>(98)</u>	<u>173</u>
Decrease / Increase in fair value of fixed rate investment assets (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	(28)	28
Decrease / Increase in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	(17,247)	(20,745)

#### Price Risk

The market prices of the Council's units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices at 31st March 2024 would result in a £0.182m charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

#### Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and it makes few purchases or sales in foreign currencies. It therefore has no material exposure to loss arising from movement in exchange rates.

## 17 ASSETS HELD FOR SALE

	Current		Non-Current	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Balance outstanding at start of year	170	871	-	-
Assets newly classified as held for sale: <i>Property, Plant &amp; Equipment</i>			-	-
Additions	-	(3)	-	-
Revaluation gains/(losses)	-	100	-	-
Assets declassified as held for sale: <i>Property, Plant &amp; Equipment</i>			-	-
Assets sold	(170)	(794)	-	-
Other Movement	-	(4)	-	-
<b>Balance outstanding at year end</b>	<b>0</b>	<b>170</b>	<b>-</b>	<b>-</b>

## 18 INVENTORIES

	Balance 31 March 2023 £'000	Purchases £'000	Recognised as expense in year £'000	Written off Balances £'000	Balance 31st March 2024 £'000
Consumable Stores	520	196	(7)	-	709
<b>Total Inventories</b>	<b>520</b>	<b>196</b>	<b>(7)</b>	<b>-</b>	<b>709</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 19 DEBTORS

	2023/24 £'000	2022/23 £'000
Amounts falling due in one year:		
Central Government bodies	7,013	8,209
Other local authorities	14,181	12,796
NHS bodies	5,196	3,902
Other entities and individuals (Trade Debtors)	15,970	10,863
Other entities and individuals (Non-Trade Debtors)	10,091	9,901
Prepayments	4,393	2,770
<b>Total - Current Assets</b>	<b>56,844</b>	<b>48,441</b>
Amounts falling after one year:	£'000	£'000
Other entities and individuals	8,875	7,596
<b>Total - Long Term Assets</b>	<b>8,875</b>	<b>7,596</b>

### 20 CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	2023/24 £'000	2022/23 £'000
Cash held by the Authority	120	123
Bank current accounts	1,930	1,029
Short-term deposits	22,215	27,389
<b>Total cash and cash equivalents</b>	<b>24,265</b>	<b>28,541</b>

### 21 CREDITORS

	2023/24 £'000	2022/23 £'000
Central government bodies	2,855	7,473
Other local authorities	9,779	9,232
NHS bodies	5,680	1,024
Other entities and individuals (Trade Creditors)	17,386	19,994
Other entities and individuals (Non-Trade Creditors)	21,890	23,415
Income Received in Advance	6,038	6,547
Pensions Fund	6,419	6,712
	<b>70,047</b>	<b>74,397</b>

### 22 PROVISIONS FOR LIABILITIES

Provisions comprise:	31 March 2023 £'000	New Provisions £'000	Utilised in Year £'000	Written Back £'000	31 March 2024 £'000
NNDR Appeals Provision	12,774		(3,953)	(3,624)	5,197
Leisure Rent Review Provision	113		(113)		-
Dilapidations Provisions	2,486	81			2,567
Ex-Avon Insurance Claim Provision	159		(159)		-
	<b>15,532</b>	<b>81</b>	<b>(4,225)</b>	<b>(3,624)</b>	<b>7,764</b>

- \* The NNDR Appeals Provision is for appeals made to the Valuation Office in respect of NNDR valuations.
- \* The Leisure Rent Review Provision The Leisure Rent Review Provision relates to costs associated with a historic lease agreement.
- \* The Dilapidations Provisions relates to dilapidation costs resulting from the exit of a long-term leases.
- \* The Ex-Avon Insurance Provision relates to potential costs in respect of Avon CC run off insurance claims and Municipal Mutual Levy payments which are subject to on-going review.

The amounts payable and the timing of the outflow of economic benefits is unknown.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 23 GENERAL FUND BALANCES AND RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24:

<b>Unearmarked Reserves</b>	31 March 2023 £'000	transfers to £'000	transfers from £'000	<b>31 March 2024 £'000</b>
General Fund Balances unearmarked	12,802	27,299	(27,312)	12,789
<b>Earmarked Reserves</b>	<b>31 March 2023 £'000</b>	<b>transfers to £'000</b>	<b>transfers from £'000</b>	<b>31 March 2024 £'000</b>
LMS Schools Balances*	834	357	-	1,191
Corporate Earmarked Reserves	39,840	17,546	(11,270)	46,116
Service Specific Reserves	1,893	2,996	(453)	4,436
General Service Earmarked Reserves	28,257	2,364	(8,712)	21,909
	<b>70,824</b>	<b>23,263</b>	<b>(20,435)</b>	<b>73,652</b>
<b>Total General Fund Balances and Reserves</b>	<b>83,626</b>	<b>50,562</b>	<b>(47,747)</b>	<b>86,441</b>
<b>Other Usable Reserves</b>				
Capital Receipts Reserve	9,042	1,025	(2,356)	7,711
Capital Grants Unapplied Reserve	-	18,332	(18,332)	-
<b>Total Usable Reserves</b>	<b>92,669</b>	<b>69,919</b>	<b>(68,435)</b>	<b>94,152</b>

\* LMS Schools balances will be used by individual schools

<b>Corporate Earmarked Reserves</b>	31 March 2023 £'000	transfers to £'000	transfers from £'000	<b>31 March 2024 £'000</b>
Insurance Fund	1,041	241	(206)	1,076
Capital Financing Reserve	10,214	1,449		11,663
Revenue Funding of Capital	616	1,295	(1,015)	896
Financial Planning & Smoothing Reserve	3,200		(358)	2,842
Revenue Budget Contingency Reserve	3,469	109	(230)	3,348
Revenue Grants Unapplied	4,712	371	(4,046)	1,037
Transformation Investment Reserve	1,887		(487)	1,400
Restructuring & Severance Reserve	1,806	3,200	(124)	4,882
Business Rates Reserve	1,301	10,048	(1,201)	10,148
City Region Sustainable Transport Settlement Reserve	3,000			3,000
COVID-19 Reserves	3,814		(2,724)	1,090
Other (Incl. Inflation)	4,780	833	(879)	4,734
	<b>39,840</b>	<b>17,546</b>	<b>(11,270)</b>	<b>46,116</b>

The Insurance Fund exists in order to meet the cost of claims which fall below the policy excesses.

The Capital Financing reserve is used to match capital financing costs arising in the future.

The Revenue Funding of capital reserve is used to finance specific capital spend items.

The Financial Planning & Smoothing reserve will be used to smooth the timing effects of delivery of the savings required over the Medium Term Financial Plan period.

The Revenue Budget Contingency reserve is used to fund unforeseen revenue costs not containable within the annual revenue budget and related risks.

The Invest To Save Reserve is used to fund the upfront costs of specific projects that have robust and credible plans to deliver future income or savings.

The Revenue Grants Unapplied Reserve is used to fund future costs where the revenue grant is received without any conditions, in advance of Service spend.

The Transformation Investment Reserve is used to support the Authority's change programme including the development and implementation of specific transformation business cases.

The Restructuring & Severance reserve is used to fund severance related costs related to service changes arising from the Medium Term Financial Plan.

The Business Rates Reserve exists in order to meet costs arising from volatility in NNDR income due to changes in the Rateable Value of properties or the granting of new exemptions and reliefs and is utilised to fund deficits impacting in future years.

The Section 31 Business Rate Relief Compensation Grant Reserve held the government grant received in 2021/22 to compensate for the loss of Business Rate income arising from the extended retail relief scheme, which was announced by government in response to the continued pressure on retail businesses from the COVID pandemic. The loss of Business Rate income from this relief caused a deficit on the Collection Fund, which had to be funded in 2022/23 under the Collection Fund statutory accounting requirements. The grant was transferred to this earmarked reserve in 2021/22 so as to be available in 2022/23 to offset the recovery of this element of the deficit.

The City Region Sustainable Transport Settlement (CRSTS) Reserve holds funding which will be used as part of the Council's local contribution requirement in respect of the programme of transport schemes included in the CRSTS.

The COVID-19 Reserve is used to fund COVID related costs, and includes the unutilised balance of COVID support grants previously received.

## NOTES TO MAIN FINANCIAL STATEMENTS

	31 March 2023 £'000	transfers to £'000	transfers from £'000	31 March 2024 £'000
<b>General Service Earmarked Reserves</b>				
Information Technology Reserve	471		(54)	417
Finance VAT Advice Reserve	389		(75)	314
Waste Reprovision Reserve	942			942
Public Transport Reserve	155		(12)	143
Combe Down Stone Mines Interpretation Centre Reserve	128		(38)	90
Social Care Reserve	7,171		(1,529)	5,642
ICS Transformation Reserve	5,378		(5,378)	-
Commercial Estate Reinvestment Reserve	1,881		(208)	1,673
Park & Ride Smoothing Reserve	2,334		(415)	1,919
Clean Air Zone Reserves	8,956	2,289	(665)	10,580
Other Service Reserves	452	75	(338)	189
	<b>28,257</b>	<b>2,364</b>	<b>(8,712)</b>	<b>21,909</b>

The Information Technology Reserve is used to fund investment in the IT service including the refresh of IT assets as part of a managed replacement programme.

The Waste Reprovision Reserve is used to support the timing differences between the spend and capital receipts in relation to the Waste Reprovision project.

The Social Care Reserve is a retained reserve to enable the protection of social care in meeting demographic demand and transformation projects

The ICS Transformation Reserve will support the overarching objective of the Integrated Care System (ICS) implementation programme to ensure that the right environment is created for transformation of care and services to deliver maximum benefits for patients and population of Bath and North East Somerset.

The Commercial Estate Reinvestment Reserve will be used to manage the risk and uncertainty on market rates, demand and consequential impacts on rental income generation in light of the local and national recovery from the pandemic and the impact of wider economic factors.

The Park & Ride Smoothing Reserve is used to smooth the Park & Ride contract annual income risks during the Covid recovery period

The Clean Air Zone Reserves will be used for decommissioning costs once the scheme has finished, as well as smoothing the income over the life of scheme to match the expenditure. This is due to income forecast to decrease as vehicle compliance rates improve, without expenditure reducing.

### 24 UNUSABLE RESERVES

	2023/24 £'000	2022/23 £'000
Revaluation Reserve	202,980	195,949
Capital Adjustment Account	236,216	251,492
Deferred Capital Receipts Reserve	361	368
Financial Instruments Adjustment Account	(5,153)	(5,322)
Dedicated Schools Grant Adjustment Account	(22,264)	(13,453)
Pooled Fund Adjustment Account	(2,307)	(1,218)
Accumulated Absences Account	(657)	(630)
Pensions Reserve	(83,136)	(116,640)
Collection Fund Adjustment Account	6,109	6,307
<b>Total Unusable Reserves</b>	<b>332,149</b>	<b>316,853</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- \* re-valued 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.

	2023/24 £'000	2022/23 £'000
Balance at 1 April	195,949	176,555
Adjustment to opening balance		
Upwards revaluation of assets	21,950	25,034
Downwards revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	(12,567)	(2,661)
Impairment losses not charged to the Surplus/Deficit on the Provision of Services		-
Transfer of depreciation on re-valued assets	(2,256)	(1,838)
Written Back on asset disposal and transfer	(96)	(1,141)
Impairment of fixed assets - transfer		
<b>Balance at 31 March</b>	<b>202,980</b>	<b>195,949</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 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 amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Authority as finance for the cost of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2023/24 £'000	2023/24 £'000	2022/23 £'000
Balance at 1 April		251,492	236,374
Adjustment to opening balance		-	-
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	(16,431)		(14,338)
Revaluation losses on Property, Plant & Equipment	(14,085)		(1,105)
Amortisation of intangible assets	(233)		(224)
Impairment allowance for capital expenditure loans	(9)		53
Revenue expenditure funded from capital under statute	(7,962)		(5,748)
Grant funding of revenue expenditure funded from capital under statute	5,879		4,740
		(32,840)	(16,621)
Adjusting amounts written out of the Revaluation Reserve			
Transfer of depreciation on re-valued assets		2,256	1,838
Transfer of revaluation reserve balance on asset disposal		96	1,141
Net written out amount of the cost of non-current assets consumed in the year		(30,488)	(13,642)
Capital financing applied in the year:			
Use of capital receipts reserve to finance new capital expenditure	2,356		2,755
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	17,308		40,072
Capital expenditure financed from revenue	928		1,026
Minimum Revenue Provision	10,184		9,174
		30,776	53,027
Movements in the market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement		(14,563)	(20,868)
Deferred liability - Repayment of Avon Loan Debt		403	419
Repayment of CAZ vehicle loan		16	-
Carrying value of fixed assets disposed of		(867)	(2,264)
Other movements		(551)	(1,554)
<b>Balance at 31 March</b>		<b>236,216</b>	<b>251,492</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 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.

Discounts received have the opposite entries.

	2023/24 £'000	2023/24 £'000	2022/23 £'000
Balance at 1 April		(5,322)	(5,492)
Premiums incurred in year and charged to the Comprehensive Income & Expenditure Statement			
Proportions of Premiums incurred to be charged against General Fund Balance in accordance with statutory requirements	169		170
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.		169	170
<b>Balance at 31 March</b>		<b>(5,153)</b>	<b>(5,322)</b>

### Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the Secretary of State for the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' general fund for a period of three financial years.

	2023/24 £'000	2023/24 £'000	2022/23 £'000
Balance at 1 April		(13,453)	(13,437)
Adjustment to Opening Balance			
DSG (Over) / Underspend in year	(8,810)		(16)
Amount by which Dedicated Schools Grant funded expenditure charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.		(8,810)	(16)
<b>Balance at 31 March</b>		<b>(22,264)</b>	<b>(13,453)</b>



## NOTES TO MAIN FINANCIAL STATEMENTS

### Pooled Fund Adjustment Account

The Pooled Fund Adjustment Account fulfils a statutory requirement to maintain an account to hold changes in the fair value of pooled investment funds, such that the changes do not impact on the revenue account.

	2023/24 £'000	2022/23 £'000
Balance at 1 April	(1,218)	311
Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement is different from that calculated for the year in accordance with statutory requirements.	(1,089)	(1,529)
<b>Balance at 31 March</b>	<b>(2,307)</b>	<b>(1,218)</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 Authority 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 Authority makes employer's contributions to pension funds 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 Authority 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.

	2023/24 £'000	2022/23 £'000
Balance at 1 April	(116,640)	(327,898)
Remeasurements of the net defined benefit liability / (asset)	33,470	232,937
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	(19,630)	(39,038)
Employer's pensions contributions and direct payments to pensioners payable in the year	19,664	17,359
<b>Balance at 31 March</b>	<b>(83,136)</b>	<b>(116,640)</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.

	2023/24 £'000	2022/23 £'000
Balance at 1 April	368	376
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(8)	(8)
Transfer to the Capital Receipts Reserve upon receipt of cash		
<b>Balance at 31 March</b>	<b>361</b>	<b>368</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax, and from 2013/14, National Non Domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Business Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £'000	2022/23 £'000
Balance at 1 April	6,307	(15,625)
Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	(198)	21,932
<b>Balance at 31 March</b>	<b>6,109</b>	<b>6,307</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023/24 £'000	2023/24 £'000	2022/23 £'000
Balance at 1 April		(630)	(550)
Settlement or cancellation of accrual made at the end of the preceding year	630		550
Amounts accrued at the end of the current year	(657)		(630)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(27)	(80)
<b>Balance at 31 March</b>		<b>(657)</b>	<b>(630)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 25 CASH FLOW STATEMENT

#### Note A to the cash flow statement

	2023/24	2022/23
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	(26,073)	(16,265)
<u>Adjust net surplus or deficit on the provision of services for non cash movements</u>		
Depreciation	16,431	14,338
Impairment and downward valuations	14,084	2,659
Amortisation	232	223
Impairment allowance on service loans	9	(55)
Adjustment for internal interest charged	247	109
Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	1,089	1,529
Adjustments for effective interest rates	(430)	(6)
Increase/Decrease in Interest Creditors	638	(49)
Increase/Decrease in Creditors	3,514	(8,391)
Increase/Decrease in Interest and Dividend Debtors	491	29
Increase/Decrease in Debtors	(6,340)	(1,771)
Increase/Decrease in Inventories	(188)	(22)
Pension Liability	(34)	23,955
Contributions to/(from) Provisions	(7,768)	1,624
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	867	2,264
Movement in investment property values	14,563	20,868
Total adjustments on the provision of services for non cash movements	37,406	57,304
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>		
Capital Grants credited to surplus or deficit on the provision of services	(23,188)	(44,790)
Net adjustment from the sale of short and long term investments	-	-
Proceeds from the sale of property plant and equipment, investm	(1,018)	(3,269)
Total adjustments on the provision of services that are investing or financing activities	(24,206)	(48,059)
<b>Net Cash Flows from Operating Activities</b>	<b>(12,873)</b>	<b>(7,020)</b>

#### Note B to the Cash Flow Statement - Operating Activities (Interest)

	2023/24	2022/23
	£'000	£'000
<b>Operating activities within the cash flow statement include the following cash flows relating to interest</b>		
Ordinary interest received	2,240	1,532
Opening Debtor	268	118
Closing Debtor	223	(89)
<b>Interest Received</b>	<b>2,731</b>	<b>1,561</b>
Interest charge for year	(7,354)	(7,280)
Adjustment for difference between effective interest rates and actual interest payable	(431)	(6)
Adjustment for internal interest charged to balance sheet funds	248	109
Opening Creditor	(1,865)	(1,914)
Closing Creditor	2,503	1,865
<b>Interest Paid</b>	<b>(6,899)</b>	<b>(7,226)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

<b>Note C to the Cash Flow Statement - Cash Flows from Investing Activities</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Property, Plant and Equipment Purchased	(51,957)	(65,573)
Purchase of Investment Properties	(2,232)	(2,688)
Other Capital Payments	(61)	(151)
Opening Capital Creditors	(8,070)	(8,966)
Closing Capital Creditors	6,218	8,070
Purchase of Property, Plant and Equipment, investment property and intangible assets	<b>(56,102)</b>	<b>(69,308)</b>
Purchase of short term investments	(5,000)	(25,000)
Long term loans granted	(1,551)	(49)
Capital Grants Repaid	(904)	(2,200)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	1,025	3,276
Proceeds / (Purchase) from short term investments	10,000	45,000
Other capital cash receipts	273	3,625
Capital Grants Received / (Repaid)	32,777	39,483
Other Receipts / (Payments) from Investing Activities	33,050	43,108
<b>Total Cash Flows from Investing Activities</b>	<b>(19,482)</b>	<b>(5,173)</b>
<b>Note D to the Cash Flow Statement - Cash Flows from Financing Activities</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Cash receipts of long term borrowing	50,000	-
Billing Authorities - Council Tax and NNDR adjustments	(7,274)	322
Repayment of Short-Term and Long-Term Borrowing	(14,647)	(9,567)
<b>Total Cash Flows from Financing Activities</b>	<b>28,079</b>	<b>(9,245)</b>
<b>Note E - Makeup of Cash and Cash Equivalents</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Cash and Bank Balances	2,050	1,152
Cash Investments - regarded as cash equivalents	22,215	27,389
Bank Overdraft	-	-
	<b>24,265</b>	<b>28,541</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 26 EXPENDITURE & INCOME ANALYSED BY NATURE

	2023/24 £'000	2022/23 £'000
<b>Expenditure</b>		
Employee expenditure	125,299	134,040
Other service expenditure	287,046	256,835
Depreciation amortisation & impairment	31,300	17,220
Loss/(Gain) on disposal of non-current assets	(157)	(1,015)
Decrease in Investment Estate Fair Value	14,563	20,868
Interest Expenditure (Inc. Net Interest on Net Defined Benefit Liability)	12,195	16,066
Loss / (Gain) & Impairments on Financial Instruments	1,095	-
Precepts and levies	8,824	8,529
	<u>480,165</u>	<u>452,543</u>
<b>Income</b>		
Sales, Fees and charges and other misc. income (including Contributions)	(117,001)	(106,194)
Income from Council Tax & Business Rates	(141,507)	(125,601)
Income from Investment Estate	(16,501)	(15,694)
Government Grants & Contributions	(176,781)	(187,257)
Interest & Investment Income	(2,302)	(1,532)
	<u>(454,092)</u>	<u>(436,278)</u>
<b>(Surplus) / Deficit on provision of services</b>	<u>26,073</u>	<u>16,265</u>

### 26a SEGMENT REPORTING

	2023/24 £'000	2022/23 £'000 Restated
<b>Depreciation amortisation &amp; impairment</b>		
Leader	-	-
Council Priorities & Delivery	-	-
Resources	1,306	1,182
Economic & Cultural Sustainable Development	5,213	4,580
Adult Services	1,812	358
Children's Services	751	1,324
Climate Emergency & Sustainable Travel	242	132
Built Environment & Sustainable Development	2,062	752
Neighbourhood Services	12,778	3,239
Highways	7,136	5,653
<b>Total</b>	<u>31,300</u>	<u>17,220</u>
<b>Revenues from external customers / Contributions</b>		
Leader	(851)	(1,171)
Council Priorities & Delivery	(329)	(358)
Resources	(6,583)	(5,504)
Economic & Cultural Sustainable Development	(26,750)	(22,166)
Adult Services	(39,308)	(35,463)
Children's Services	(5,930)	(6,032)
Climate Emergency & Sustainable Travel	(532)	(543)
Built Environment & Sustainable Development	(5,119)	(4,487)
Neighbourhood Services	(9,277)	(9,265)
Highways	(22,322)	(21,205)
<b>Total</b>	<u>(117,001)</u>	<u>(106,194)</u>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 27 TRADING OPERATIONS

The Council has the following Trading Services which are required to operate in a commercial environment and balance their budget by generating income from providing services to the public and other organisations, or as support functions to other frontline Council Departments.

	2023/24	2023/24	2023/24	2022/23
	Income	Expenditure	(Surplus) / Deficit	(Surplus) / Deficit
	£'000	£'000	£'000	£'000
Catering Services	(1)	5	4	0
Cleaning Services	(8)	121	113	66
Fleet Management	(188)	300	112	261
Passenger Transport Services	(68)	521	453	153
Trade Refuse Collection	(932)	738	(194)	(252)
Bath Museum Shops	(2,634)	2,243	(391)	(228)
<b>Surplus for Year</b>	<b>(3,831)</b>	<b>3,928</b>	<b>97</b>	<b>0</b>

### 28 POOLED FUNDING

The Council has Pooled Budget arrangements under section 31 of the Health Act 1999 with NHS Bath & North East Somerset, Swindon & Wiltshire (NHS BSW) Integrated Care Board (ICB). The Pooled Budgets are hosted by the Council. During 2023/24 there were four Pooled Budgets, detailed below :-

#### Adult Learning Difficulties

The Council has entered into a pooled budget arrangement with NHS BSW ICB for the provision of Learning Disabilities services to meet the needs of people living in the Bath and North East Somerset area, the services being provided by the Council or the ICB depending upon the mix required by clients.

The Council and the ICB have a Section 75 agreement in place for funding these services with the partners contributing funds to the agreed budget equal to 76.67% and 23.33% of the budget respectively. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement.

	2023/24	2022/23
	£'000	£'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	23,827	23,827
NHS BSW Integrated Care Board	7,266	7,266
Other Funding	-	-
Income from Client Contributions	-	-
<b>Total Funding</b>	<b>31,093</b>	<b>31,093</b>
<b>Total Pooled Expenditure</b>	<b>37,890</b>	<b>36,122</b>
<b>Net (Underspend) / Overspend</b>	<b>6,797</b>	<b>5,029</b>
<b>Overspend Recharged</b>		
Bath & North East Somerset Council	4,585	3,727
NHS BSW Integrated Care Board	2,212	1,302

#### Community Equipment

The Council has entered into a pooled budget arrangement with NHS BSW ICB for the provision of Community Equipment services to meet the needs of people living in the Bath and North East Somerset area, the services being provided by the Council or the ICB depending upon the mix required by clients.

The Council and the ICB have a Section 75 agreement in place for funding these services with the partners contributing funds to the agreed budget equal to 30% and 70% of the budget respectively. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement.

	2023/24	2022/23
	£'000	£'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	254	203
NHS BSW Integrated Care Board	552	478
<b>Total Funding</b>	<b>806</b>	<b>681</b>
<b>Total Expenditure</b>	<b>1,051</b>	<b>739</b>
<b>Net (Underspend) / Overspend</b>	<b>245</b>	<b>58</b>
<b>Overspend Recharged</b>		
Bath & North East Somerset Council		17
NHS BSW Integrated Care Board	245	41

## NOTES TO MAIN FINANCIAL STATEMENTS

### Better Care Fund

The Council has entered into a pooled budget arrangement with NHS BSW ICB for the provision of services under the Better Care Fund. The government created the Better Care Fund in 2015 with the aim of developing and improving joint health and social care planning. The Better Care Fund is a pooling of health and social care budgets.

The Council and the CCG have entered into a formal arrangement from 1st April 2015 to deliver services via the Better Care Fund and have a Section 75 agreement in place for funding these services.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement.

	2023/24 £'000	2022/23 £'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	8,548	8,343
Bath & North East Somerset Council - Community Services Contract	21,038	21,011
NHS BSW Integrated Care Board	16,367	15,727
NHS BSW Integrated Care Board - Community Services Contract	29,368	27,170
<b>Total Funding</b>	<b>75,321</b>	72,251
Spend on Better Care Fund schemes	23,525	22,680
Spend on Community Services Contract	51,796	49,571
<b>Total Expenditure</b>	<b>75,321</b>	72,251

### Children and Young People with Multiple and Complex Needs

The Council has entered into a pooled budget arrangement with NHS BSW ICB for the provision of services to improve the well-being of Children and young people with multiple and complex needs living in the Bath and North East Somerset area, the services being provided by the Council or the ICB depending upon the mix required by clients.

The Council and the ICB have an agreement in place for funding these services with the partners contributing funds to the agreed budget equal to 85% and 15% of the budget respectively. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement.

	2023/24 £'000	2022/23 £'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	2,574	2,615
NHS BSW Integrated Care Board	454	413
<b>Total Funding</b>	<b>3,028</b>	3,028
<b>Total Expenditure</b>	<b>7,064</b>	9,671
<b>Net (Underspend) / Overspend</b>	<b>4,036</b>	6,643
<b>Overspend Recharged</b>		
Bath & North East Somerset Council	3,431	5,737
NHS BSW Integrated Care Board	605	906

## NOTES TO MAIN FINANCIAL STATEMENTS

### 29 MEMBERS' ALLOWANCES

The total cost of Members Allowances for 2023/24 including employers national insurance, pensions contributions and expenses was £1,053,347 (£924,769 in 2022/23).

		Basic Allowance	Special Responsibility Allowance	Expenses	Total
		£	£	£	£
APPLEYARD	R	1,032	582	-	1,614
AUTON	M	9,537	-	-	9,537
BALL	TM	10,542	20,166	-	30,708
BEAUMONT	A	9,537	-	-	9,537
BEVAN	SF	993	-	-	993
BIDDLESTON	D	9,537	-	-	9,537
BLACKBURN	C	10,542	-	-	10,542
BORN	A	10,542	19,380	-	29,922
BOX	A	9,537	435	-	9,972
BROMLEY	S	993	-	-	993
BUTTERS	TN	993	-	-	993
CLARKE	V	993	-	-	993
COLLINS	D	9,537	7,395	-	16,932
CRAIG	S	1,032	1,696	-	2,727
CROSSLEY	PN	10,542	5,316	-	15,858
CURRAN	G	993	-	-	993
DANDO	C	10,542	4,051	-	14,593
DAVID	J	10,542	-	-	10,542
DAVIES	T	1,032	1,123	-	2,155
DAVIS	S	1,032	413	-	1,444
DEACON	DE	993	-	-	993
DUGUID	P	1,032	231	-	1,263
ELLIOTT	M	10,542	18,257	240	29,039
EVANS	M	993	-	-	993
EVANS	S	9,537	-	-	9,537
FURSE	AJ	993	-	-	993
GOURLEY	F	9,537	-	-	9,537
GUY	K	10,542	53,129	332	64,003
HALE	AD	10,542	-	-	10,542
HALSALL	I	9,537	3,352	-	12,889
HARDING	D	9,537	-	-	9,537
HARDMAN	EJ	9,264	-	-	9,264
HEATHCOTE	G	9,537	-	-	9,537
HEDGES	SP	10,542	4,733	-	15,276
HEIJLTJES	S	9,537	-	-	9,537
HENMAN	O	9,537	7,395	-	16,932
HIRST	J	10,542	7,626	-	18,168
HODGE	L	10,542	7,395	-	17,938
HOUNSELL	D	10,542	13,781	124	24,448
HUGHES	S	10,542	4,380	-	14,923
JACKSON	EM	10,542	-	-	10,542
JOHNSON	G	9,264	-	-	9,264
KELLY	S	9,537	-	-	9,537
KUMAR	Y	993	-	69	1,062
LEACH	G	9,537	-	-	9,537
LEACH	J	9,537	-	-	9,537
MACFIE	H	10,542	-	-	10,542
MALLOY	R	10,542	-	-	10,542
MANSELL	L	9,537	-	40	9,577
MAY	P	10,542	19,258	892	30,693
MCCABE	M	10,542	18,931	-	29,473
MCGALL	S	10,542	5,631	247	16,421
MOORE	S	10,542	9,311	-	19,854
MORGAN	A	9,537	-	-	9,537
MOSS	R	10,542	12,526	34	23,103
MYERS	P	993	-	-	993
O'BRIEN	B	993	-	-	993
ODOHERTY	M	10,542	231	-	10,773
PANKHANIA	B	10,542	-	-	10,542
PLAYER	J	10,542	-	-	10,542
PRITCHARD	VL	1,032	751	113	1,897
RIGBY	A	10,542	20,503	-	31,045
ROMERO	UM	10,542	9,901	-	20,443
ROPER	M	1,032	1,685	-	2,717
ROPER	P	9,537	18,257	-	27,794
ROSS	S	9,537	-	-	9,537
SAINI	O	9,537	-	-	9,537
SAMUEL	R	1,032	2,246	-	3,278
SHEARN	B	1,032	440	-	1,472
SIMMONS	B	993	-	-	993
SIMON	T	9,537	3,611	670	13,818
SINGLETON	A	993	-	149	1,143
STREATFEILD-JAMES	A	9,537	-	-	9,537
TOMLIN	G	9,537	-	-	9,537
TREBY	M	9,537	-	-	9,537
WAIT	A	10,542	7,654	36	18,233
WALKER	K	10,542	3,783	249	14,575
WARREN	E	10,542	20,166	-	30,708
WARREN	T	9,537	3,582	-	13,119
WARRINGTON	K	1,032	942	-	1,974
WATT	C	993	-	-	993
WILLS	R	993	-	-	993
WOOD	D	10,542	20,692	340	31,574
WRIGHT	J	10,542	7,193	-	17,735
<b>Total</b>		<b>619,531</b>	<b>368,128</b>	<b>3,537</b>	<b>991,195</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 30 SENIOR OFFICER REMUNERATION

The following posts meet the CIPFA definition of Senior Officers for the purpose of this note.

<b>Senior Officers emoluments - annualised salary of £150,000 or more for the year ending 31 March 2024</b>						
Post Holder	Salary	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'n's	Total
	£	£	£	£	£	£
Chief Executive - William Godfrey	165,000				33,165	<b>198,165</b>
<b>Senior Officers emoluments - annualised salary between £50,000 and £150,000 for the year ending 31 March 2024</b>						
Post Holder	Salary (incl. Honorarium)	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'n's	Total
	£	£	£	£	£	£
* Chief Operating Officer (to 31/12/23)	96,041				19,304	<b>115,346</b>
Executive Director - Chief Operating Officer (from 01/01/24)	32,014				6,435	<b>38,449</b>
* Chief Finance Officer (S151) (to 31/12/23)	90,127				18,115	<b>108,242</b>
Executive Director - Resources (from 01/01/24)	30,042				6,038	<b>36,081</b>
* Director of Sustainable Communities (to 31/12/23)	86,736				17,434	<b>104,170</b>
Executive Director - Sustainable Communities (from 01/01/24)	28,912				5,811	<b>34,723</b>
Director of Adult Social Care (DASS)	115,648				23,245	<b>138,893</b>
Director of Children's Services & Education (DSC)	115,648				23,245	<b>138,893</b>
* Director of People & Policy (to 31/12/23)	91,088				18,309	<b>109,397</b>
Director of People & Change (from 01/01/24)	24,560				4,936	<b>29,496</b>
Director of Place Management	115,648				23,245	<b>138,893</b>
* Director of Regeneration & Housing (to 31/12/23)	83,066				16,947	<b>100,014</b>
Director of Capital & Housing Delivery (from 01/01/24)	27,499				5,653	<b>33,151</b>
* Director - One West (to 31/12/23)	84,125	63	297		16,909	<b>101,394</b>
Director of One West & APF (from 01/01/24)	28,122	29			5,652	<b>33,803</b>
Director of Public Health	103,014				14,813	<b>117,827</b>
Director of Education & Safeguarding	97,338				19,565	<b>116,903</b>
Director of Business Change & Customer Services (to 10/01/24)	83,191			122,485	16,086	<b>221,762</b>
Director of External Affairs	63,110				-	<b>63,110</b>
* Following a restructure of the Council's Senior Officers, there were some changes to job titles on 01/01/2024. The new job title from this date, along with the associated previous job title to 31/12/2023, are boxed together in the above table.						

<b>Senior Officers emoluments - annualised salary of £150,000 or more for the year ending 31 March 2023</b>						
Post Holder	Salary	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'n's	Total
	£	£	£	£	£	£
Chief Executive - William Godfrey	162,000				34,020	<b>196,020</b>
<b>Senior Officers emoluments - annualised salary between £50,000 and £150,000 for the year ending 31 March 2022</b>						
Post Holder	Salary (incl. Honorarium)	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'n's	Total
	£	£	£	£	£	£
Chief Operating Officer	123,725				25,982	<b>149,707</b>
Director of People & Policy	108,683				22,823	<b>131,506</b>
Chief Finance Officer (S151)	116,105	8	635		24,382	<b>141,130</b>
Director of Adult Social Care (DASS)	111,737				23,464	<b>135,201</b>
Director of Children's Services & Education (DSC)	108,683				22,823	<b>131,506</b>
Director of Sustainable Communities	108,683				22,823	<b>131,506</b>
Director of Place Management	108,683				22,823	<b>131,506</b>
Director of Regeneration & Housing	108,683	107	283		22,823	<b>131,896</b>
Director - One West	108,683				22,823	<b>131,506</b>



## NOTES TO MAIN FINANCIAL STATEMENTS

### 31 EMPLOYEES' EMOLUMENTS

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23
	Teachers	Others	Total	Teachers	Others	Total
£50,000 - £54,999	15	97	112	4	59	63
£55,000 - £59,999	10	43	53	3	39	42
£60,000 - £64,999	6	24	30	-	24	24
£65,000 - £69,999	2	23	25	1	6	7
£70,000 - £74,999	2	7	9	2	6	8
£75,000 - £79,999	1	6	7	2	1	3
£80,000 - £84,999	1	-	1	-	3	3
£85,000 - £89,999	1	4	5	1	13	14
£90,000 - £94,999	-	17	17	-	2	2
£95,000 - £99,999	-	3	3	-	2	2
£100,000 - £104,999	-	1	1	-	1	1
£105,000 - £109,999	-	-	-	-	6	6
£110,000 - £114,999	-	3	3	-	1	1
£115,000 - £119,999	-	5	5	-	1	1
£120,000 - £124,999	-	1	1	-	1	1
£125,000 - £129,999	-	1	1	-	-	-
£130,000 - £134,999	-	-	-	-	-	-
£135,000 - £139,999	-	-	-	-	-	-
£140,000 - £144,999	-	-	-	-	-	-
£145,000 - £149,999	-	-	-	-	-	-
£150,000 - £154,999	-	-	-	-	-	-
£155,000 - £159,999	-	-	-	-	-	-
£160,000 - £164,999	-	-	-	-	1	1
£165,000 - £169,999	-	1	1	-	-	-
£170,000 - £174,999	-	-	-	-	-	-
£175,000 - £179,999	-	-	-	-	-	-
£180,000 - £184,999	-	-	-	-	-	-
£185,000 - £189,999	-	-	-	-	-	-
£190,000 - £194,999	-	-	-	-	-	-
£195,000 - £199,999	-	-	-	-	-	-
£200,000 - £204,999	-	-	-	-	-	-
£205,000 - £209,999	-	1	1	-	-	-
	<b>38</b>	<b>237</b>	<b>275</b>	<b>13</b>	<b>166</b>	<b>179</b>

The above totals include 3 members of staff who would not have been included in the note if it were not for one-off severance payments (1 member of staff in 2022/23). This included 0 in the Teacher category (0 in 2022/23) and 3 in the Others category (1 in 2022/23).

The list above includes Senior Officers, who are also listed separately in Note 30.

### 32 EXIT PACKAGES

The Authority terminated the contracts of a number of employees in 2023/24, incurring liabilities of £0.376m (£0.333m in 2022/23). This amount recognises the on-going impact of the financial challenge across the Council as it seeks to deliver the savings required to balance its budget. Any Exit Packages over £100,000 are agreed by the Council's Restructure Implementation Committee.

The number of exit packages, split between compulsory redundancies and other departures, and the total cost per band, are set out below:

Exit Package Cost Band (incl. Special Payments)	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23
	Number of Compulsory Redundancies	Number of Other Exits Agreed	Total Cost £	Number of Compulsory Redundancies	Number of Other Exits Agreed	Total Cost £
£0 - £20,000	14	19	145,580	3	15	86,451
£20,001 - £40,000	1	-	27,340	-	-	0
£40,001 - £60,000	-	-	0	-	1	50,135
£60,001 - £80,000	-	-	0	-	-	0
£80,001 - £100,000	-	1	80,795	1	-	82,496
£100,001 - £150,000	-	1	122,485	1	-	113,572
£150,001 - £200,000	-	-	0	-	-	0
£200,001 - £250,000	-	-	0	-	-	0
£250,001 - £300,000	-	-	0	-	-	0
	<b>15</b>	<b>21</b>	<b>376,200</b>	<b>5</b>	<b>16</b>	<b>332,653</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 33 EXTERNAL AUDIT COSTS

The Council has incurred the following fees payable to its auditors,  
Grant Thornton UK LLP

	2023/24	2022/23
	£'000	£'000
Fees payable with regard to external audit services	366	164
Fees payable for the certification of grant claims and returns	53	53
	<b>419</b>	<b>217</b>

### 34 DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). 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 2016. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are as follows:

	2023/24 Central Expenditure	2023/24 Individual Schools Budget	2023/24 Total	2022/23 Total
	£'000	£'000	£'000	£'000
Final DSG for before Academy & High Needs recoupment			177,104	167,047
Academy & High Needs figure recouped			123,873	118,513
Total DSG after Academy & High Needs recoupment			53,231	48,534
<i>plus</i> Brought forward from previous year				
<i>less</i> Carry forward into future year agreed in advance				
Agreed initial budget distribution	24,046	29,185	53,231	48,534
In Year Adjustments	550	(110)	440	8,391
Final budget distribution	24,596	29,075	53,670	56,925
<i>less</i> Actual central expenditure	33,083		33,083	44,926
<i>less</i> Actual ISB deployed to schools	-	29,397	29,397	12,015
plus Local Authority contribution for year	-		-	
In-Year Carry forward	(8,488)	(322)	(8,810)	(16)
Carry forward into future year agreed in advance			-	
DSG unusable reserve brought forward			(13,453)	(13,437)
Addition to DSG unusable reserve for year			(8,810)	(16)
Total of DSG unusable reserve at the end			(22,264)	(13,453)
Net DSG position at year end			(22,264)	(13,453)

### 35 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24	2022/23
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Non-Ringfenced Government Grants</b>		
s31 Grants - DLUHC	18,268	16,483
<b>Capital Grants &amp; Contributions</b>		
Department for Education	346	820
Department for Transport	230	660
Department for Health & Social Care	933	100
West of England Combined Authority	11,152	24,441
Other	1,337	10,508
Third party contributions	356	691
Section 106 Developer / CIL Contributions	2,955	2,852
	<b>35,577</b>	<b>56,555</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### Credited to Services

Education Funding Agency (incl. Universal Infant Free School Meals)	3,187	3,125
Pupil Premium Grant	1,046	1,012
Mandatory rent allowances	28,470	27,739
Public Health Grant	10,005	9,645
Department for Health & Social Care	4,306	3,415
Department for Education	-	207
Department for Environment, Food & Rural Affairs	39	85
Department for Transport	1,347	1,082
Department for Levelling Up, Housing & Communities (DLUHC)	21,834	16,734
Sales, Fees & Charges Compensation Grant	-	11
Homes for Ukraine Scheme	322	3,997
COVID Test & Trace Support Payments	-	70
New Homes Bonus Grant	425	2,038
Home Office	2,175	-
West of England Combined Authority	4,270	2,740
Other	8,546	7,937
Third party contributions	100	113
Section 106 Developer / CIL Contributions	1,901	1,507
	<b>87,973</b>	<b>81,457</b>

The above is in addition to the Dedicated Schools' Grant, which is separately disclosed in Note 34.

The Authority has received a number of grants, contributions & donations that have yet to be recognised as income, as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year end are as follows:

### Current Liabilities

	31 March 2024 £'000	31 March 2023 £'000
<b>Grants Receipts In Advance (Capital Grants &amp; Contributions)</b>		
Section 106 Developer, CIL & 3rd Party Contributions	7,119	5,006
Various Capital Grants	34,096	14,567
<b>Total</b>	<b>41,215</b>	<b>19,573</b>
<b>Grants Receipts In Advance (Revenue Grants)</b>		
Various Service Grants	2,402	1,600
<b>Total</b>	<b>2,402</b>	<b>1,600</b>

### Long-Term Liabilities

	31 March 2024 £'000	31 March 2023 £'000
<b>Grants Receipts In Advance (Capital Grants &amp; Contributions)</b>		
Section 106 Developer, CIL & 3rd Party Contributions	11,073	13,057
Various Capital Grants	8,124	18,980
<b>Total</b>	<b>19,197</b>	<b>32,037</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 36 RELATED PARTIES

The Authority 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 Authority.

There are no material outstanding balances between the Council and the Related Parties disclosed below.

#### Central Government

Central UK Government has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the Grants Note 35.

#### Pension Fund

Details of Contributions to the Avon Pension Fund are shown in note 41. As administering body to the Fund, the Council charged the fund for the direct costs of £3,655,673 (£2,920,515 2022/23) and support services costs of £532,108 (£536,575 2022/23). Five B&NES Councillors are voting members on the Pensions Committee.

#### Aequus Group Holdings Ltd (AGHL)

Bath & North East Somerset Council is a 100% shareholder of Aequus Group Holdings Ltd (AGHL), which was incorporated on 5th April 2022. It was set up as a parent company to Aequus Developments Ltd (ADL) and Aequus Construction Ltd (ACL). Further details are included in Note 44 Controlled Companies.

#### Aequus Developments Ltd (ADL)

Aequus Developments Limited (ADL), which was incorporated on 14th March 2016 and commenced trading on the same day, is a 100% owned subsidiary of Aequus Group Holdings Ltd (AGHL). The purpose of ADL is to develop, deliver, own and manage existing property, as well as carry out new development on a case by case basis. Further details are included in Note 44 Controlled Companies.

#### Aequus Construction Ltd (ACL)

Aequus Construction Limited (ACL), which was incorporated on 22nd June 2017 and commenced trading on the same day, is a 100% owned subsidiary of Aequus Group Holdings Ltd (AGHL). The purpose of ACL is to carry out construction and development of building projects. Further details are included in Note 44 Controlled Companies.

#### Members & Officers

Three Members of the Council are members of the Avon Fire & Rescue Service.

Two Members of the Council are members of the Police and Crime Panel

Eleven Members are Parish / Town Councillors

One Member is on the Board of the Local Enterprise Partnership (LEP)

The Council made payments of £87,513 (£1,264,768 in 2022/23) to voluntary bodies and organisations where Members have declared an interest (either due to a Council nomination or in an independent capacity).

	2023/24
	£
Bath Royal Literary & Scientific Association	192
Community Catalysts CIC	68,818
Heart of Bath Medical Partnership	30
The Keynsham Music Festival Association	3,172
South West Councils	14,551
World Heritage Enhancement Fund Committee	750
	<u>87,513</u>

#### NHS Bath & North East Somerset, Swindon & Wiltshire Integrated Care Board (NHS BSW ICB)

The Council is in partnership with the NHS BSW ICB to commission health, social care and preventative support services. Community Health & Social Care services, previously delivered through the partnership between the Council and PCT, then transferred to Sirona Care & Health Community Interest Company are now delivered by HCRG Care Group (Previously Virgin Care Ltd) through a 7 year prime provider contract that was awarded in November 2016, following the Your Care, Your Way community services review, with the contract commencing April 2017. The contract is a "tri-partite" contract between the Council, ICB and HCRG Care Group, with the Council acting as lead commissioner for this contract. Contract funding is pooled under Section 75 of the 2016 NHS Act through the Council and ICB Better Care Fund. Relevant elements of the Council's budget are reported to the Health & Wellbeing Board. The Board is Co-Chaired by the Cabinet Member for Adult Care, Health & Wellbeing along with the ICB GP Board Chair. The Council Chief Executive and Cabinet Members are on the Board. Following a decision not to extend this contract for the three year extension term, decision, this contract expired on the 31st March 2024.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 37 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

<b>Capital expenditure on fixed assets was as follows:</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Keynsham Reuse and Recycling Centre	20,649	17,345
Highways, Transport, Road Safety & Bridge Strengthening	14,681	15,133
Capitalised Buildings Maintenance	3,306	2,621
Bath City Centre Security	2,835	1,607
Housing Delivery Schemes	2,560	3,767
Commercial Estate Investment	1,738	1,533
Bath Western Riverside	1,430	2,987
Preparing for the Future - New Technology	1,046	1,105
Decarbonisation / Renewables Schemes	811	640
Liveable Neighbourhoods	704	1,521
School Improvements	594	1,096
Bath Regeneration	460	8,172
Clean Air Zone	444	52
Keynsham High Street Renewal Incl Public Realm	346	534
Somer Valley Enterprise Zone	345	702
Midsomer Norton High Street Renewal incl Public Realm	230	303
Bath Quays: North, South & Bridge	107	5,632
Office Reconfiguration Costs	0	713
Sydney Gardens	2	430
Other	1,962	2,519
<b>Total</b>	<b>54,250</b>	<b>68,412</b>

This above table excludes Revenue expenditure funded from capital under statute & loans.

#### Capital Expenditure was categorised as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	43,304	37,753
Investment properties	2,232	2,688
Intangible assets	61	154
Heritage Assets	-	-
Assets under construction	8,653	27,820
Non Current Assets held for sale	-	(3)
Capital Loans	1,290	-
Revenue expenditure funded from capital under statute (*)	7,962	5,748
<b>Total expenditure</b>	<b>63,502</b>	<b>74,160</b>

\* This includes £1,481k of transformation and severance costs funded under the Government's flexible use of capital receipts scheme (£162k in 2022/23). These costs will contribute to ongoing revenue savings in line with the Council's approved Efficiency Strategy.

#### Sources of finance:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Capital Receipts	2,356	2,755
Grants	17,876	39,650
Borrowing	37,030	25,567
3rd Party Contributions	456	804
S.106 / CIL contributions	4,856	4,358
Revenue	928	1,026
<b>Total financing</b>	<b>63,502</b>	<b>74,160</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### Capital Financing Requirement

	2023/24	2022/23
	£'000	£'000
Opening Capital Financing Requirement	341,039	328,171
Capital Investment	63,502	74,160
Other Adjustments to CFR (including revenue reversion of prior years spend)		
Sources of Finance:		
Capital Receipts	(2,629)	(6,280)
Government grants & other contributions	(23,188)	(44,812)
Sums set aside from revenue (including MRP)	(11,112)	(10,200)
Closing Capital Financing Requirement	367,612	341,039
Increase in underlying need to borrow unsupported by Government financial assistance	37,030	25,567
Repayments received in respect of Capital Expenditure Loans	(273)	(3,525)
Less minimum revenue provision repayment	(10,184)	(9,174)
Increase / (decrease) in Capital Financing Requirement	26,573	12,868

## 38 LEASES

### Authority as Lessee

#### Finance Leases

The Authority has acquired a number of buildings and vehicles, plant and equipment under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2023/24	2022/23
	£'000	£'000
Other Land & Buildings	2,730	2,930
	2,730	2,930

No deferred liability is disclosed in the Council's Balance Sheet for Other Land & Buildings as these properties are subject to peppercorn rents only.

#### Operating Leases

The Council uses vehicles and other equipment financed under the terms of various operating leases. The lease rentals paid in 2023/24 were £397K (£565K in 2022/23).

The future payments required under these leases are £1,274K comprising the following elements:

	2023/24	2022/23
	£'000	£'000
Not later than one year	323	400
Later than one year and not later than five years	951	1,452
Later than five years	-	985
	1,274	2,837

The Council holds property leases which are operating leases. The amount paid in rent for 2023/24 was £764K (2022/23 was £689K).

	2023/24	2022/23
	£'000	£'000
Not later than one year	681	536
Later than one year and not later than five years	1,496	1,076
Later than five years	8,960	8,840
	11,137	10,452

## NOTES TO MAIN FINANCIAL STATEMENTS

### Authority as Lessor

#### Finance Leases

The Authority has leased out a number of commercial properties on finance leases in 2023/24, there are no capital receipts from these in 23/24 (2022/23 £8K)

#### Operating Leases

The Authority leases out a large number of investment properties.

Rental income receivable from operating property leases on investment properties totalled £16.501m (£15.694m in 2022/23).

The net book value of these properties is £242.016m (£256.385m in 2022/23).

The future rental income receivable for investment properties under non-cancellable operating leases in the aggregate and for each of the following periods:

	2023/24	2022/23
	£'000	£'000
Not later than one year	15,364	14,588
Later than one year and not later than five years	40,346	42,308
Later than five years	122,223	124,649
	<u>177,933</u>	<u>181,545</u>

Rental income receivable from Property Plant and Equipment leases totalled £1,384K in 2023/24 (£1,640K in 2022/23).

The future rental income receivable for Other Land and Buildings under non-cancellable operating leases in the aggregate and for each of the following periods:

	2023/24	2022/23
	£'000	£'000
Not later than one year	935	1,018
Later than one year and not later than five years	2,117	2,002
Later than five years	5,442	5,497
	<u>8,494</u>	<u>8,517</u>

### 39 EXCEPTIONAL ITEMS

There were no exceptional items in 2023/24.

### 40 PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTIONS SCHEMES

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a 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 Authority is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes.

In 2023/24 the Council paid £1.582m to Teachers' Pensions in respect of teachers' retirement benefits, representing an average of 23.1% of pensionable pay. The figures for 2022/23 were £1.560m and 23.6%. There were no contributions remaining payable at the year end.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 41. The Authority is not liable to the scheme for any other entities obligations under the plan.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 41 PARTICIPATION IN PENSIONS SCHEMES

The Council offers retirement benefits as part of the terms and conditions of employment. Whilst these benefits are not payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two pension schemes:

- The Teachers' Pension Scheme, as detailed in Note 40, and,
- The Local Government Pension Scheme via the Avon Pension Fund. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into the fund which are calculated at a level intended to balance the pension liabilities with investment assets, and is governed by statute (principally now the Local Government Pension Scheme Regulations 2013).

Arrangements for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

#### 2021/22 & 2022/23 Up-Front Payment of Local Government Pension Scheme Deficit Contributions (PRIOR YEAR ONLY)

In 2020/21, the Council made an up-front payment of the LGPS deficit contributions for the three years 2020/21 - 2022/23 totalling £7.082m. 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, rather than the normal approach of monthly payments in arrears over the three year period was £0.499m, reducing total payments from £7.531m to £7.082m. The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's treasury management strategy and the approach represented good value for money for the Council.

The actual payment made in 2020/21 was £7.082m (£6.862m after Academy conversion refunds), and the actuary calculated the Equivalent Discounted annual Lump Sums Certified across the 3 years as follows:

£2.366m (£2.302m after Academy conversions adjustment) relating to 2020/21,  
£2.361m (£2.284m after Academy conversions adjustment) relating to 2021/22, and  
£2.355m (£2.275m after Academy conversions adjustment) relating to 2022/23.

The Pension Liability as at 31st March 2021 was reduced by the total £6.862m net payment, and the full amount was reflected in the actuarial valuation as at 31st March 2021. The £2.302m relating to 2020/21 was charged to the General Fund in the 2020/21 Statement of Accounts, £2.284m in the 2021/22 Statement of Accounts and £2.275m charged to the General Fund in 2022/23 via the Movement In Reserves Statement.

The result of this is that the Pensions Liability and the Pensions Reserve self-balanced as at 31st March 2023. **There was no upfront payment of future years' contributions made during 2023/24.**

#### Transactions relating to post-employment benefits

We recognise 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 we are required to make 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.



## NOTES TO MAIN FINANCIAL STATEMENTS

	Local Government Pension Scheme		Unfunded Liabilities (Teachers) Discretionary Benefits	
	2023/24	2022/23	2023/24	2022/23
<b>Comprehensive Income and Expenditure Statement</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Cost of Services:</i>				
Current Service Costs	14,178	29,816	-	-
Past Service Cost	-	-	-	-
Settlement and Curtailment (Gain) / Loss	121	1	-	-
Administration Expenses	490	435	-	-
<i>Financing and Investment Income &amp; Expenditure:</i>				
Net Interest Expense	4,119	8,266	722	520
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>18,908</b>	<b>38,518</b>	<b>722</b>	<b>520</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</i>				
Remeasurement of the net defined benefit liability:				
Experience (gains) and losses	6,849	120,769	689	2,211
Actuarial (gains) and losses arising on changes in demographic assumptions	(10,998)	(386,845)	-	(4,405)
Actuarial (gains) and losses arising on changes in financial assumptions	(10,084)	(21,844)	(239)	(703)
Return on Plan Assets (excluding interest)	(19,687)	57,880	-	-
Total Remeasurements	(33,920)	(230,040)	450	(2,897)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(15,012)</b>	<b>(191,522)</b>	<b>1,172</b>	<b>(2,377)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	18,908	38,518	722	520
<b>Actual amount charged against General Fund Balance for pensions in the year:</b>				
Employer Contributions	18,147	13,675	-	-
add upfront deficit payment recognised in year (paid 2020/21)	-	2,276	-	-
Employers' contributions payable to scheme	18,147	15,951	-	-
Retirement benefits payable to pensioners			1,517	1,408

## NOTES TO MAIN FINANCIAL STATEMENTS

### Assets and Liabilities in Relation to Retirement Benefits in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Funded Liabilities		Unfunded Liabilities	
	Local Government Pension Scheme		(Teachers) Discretionary Benefits	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	742,405	733,957	15,149	15,494
Fair value of plan assets	(674,418)	(632,811)	-	-
<b>Net liability arising from defined benefits obligation</b>	<b>67,987</b>	<b>101,146</b>	<b>15,149</b>	<b>15,494</b>

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities		Unfunded Liabilities	
	Local Government Pension Scheme		(Teachers) Discretionary Benefits	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Opening Balance at 1 April	733,957	985,952	15,494	19,279
Current service cost	14,178	29,816	-	-
Interest cost	34,602	27,310	722	520
Contributions from scheme participants	5,621	5,001	-	-
Actuarial gains and losses	(14,233)	(287,920)	450	(2,897)
Benefits paid	(31,841)	(26,203)	(1,517)	(1,408)
Settlements	-	-	-	-
Past service costs	121	1	-	-
Past service gain	-	-	-	-
<b>Closing Balance at 31 March</b>	<b>742,405</b>	<b>733,957</b>	<b>15,149</b>	<b>15,494</b>

Reconciliation of the Movements in the Fair Value of the Scheme Assets:

	Local Government Pension Scheme	
	2023/24	2022/23
	£'000	£'000
Opening Fair Value of scheme assets at 1 April	632,811	679,609
Interest on Plan Assets	30,483	19,044
Remeasurement Gain (Loss)	19,687	(57,880)
Administration Expenses	(490)	(435)
Business Combinations	-	-
Settlements	-	-
Contributions from employer	18,147	13,675
Contributions from employees into the scheme	5,621	5,001
Benefits paid	(31,841)	(26,203)
<b>Closing Balance at 31 March</b>	<b>674,418</b>	<b>632,811</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 real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £50.169m [2022/23 (£50.005m)].

### Scheme History

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of liabilities:						
Local Government Pension Scheme	(875,027)	(844,609)	(967,476)	(985,952)	(733,957)	(742,405)
Discretionary Benefits	(22,569)	(19,940)	(20,250)	(19,279)	(15,494)	(15,149)
Fair value of assets in the Local Government Pension Scheme	587,757	538,396	627,797	679,609	632,811	674,418
Surplus/(deficit) in the scheme:						
Local Government Pension Scheme	(287,270)	(306,213)	(339,679)	(306,343)	(101,146)	(67,987)
Discretionary Benefits	(22,569)	(19,940)	(20,250)	(19,279)	(15,494)	(15,149)
<b>Long Term Liability in Balance Sheet</b>	<b>(309,839)</b>	<b>(326,153)</b>	<b>(359,929)</b>	<b>(325,622)</b>	<b>(116,640)</b>	<b>(83,136)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £83m has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- > the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary
- > finance is only required to be raised to cover teachers' pensions when the pensions are actually paid.

Employer contributions to the Pension Fund in 2023/24 are estimated to be £17.9m. Estimated contributions to the Discretionary Benefits scheme are £1.5m.

Regulations governing the Fund require actuarial valuations to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the Fund's solvency, and the detailed provisions are set out in the Fund's Funding Strategy Statement. The most recent triennial valuation was carried out as at 31 March 2022, which showed a shortfall of assets against liabilities of £238m as at that date, equivalent to a funding level of 96%. The fund's employers are paying additional contributions over an average period of 12 years in order to meet the shortfall. The next triennial valuation will be as at 31st March 2025.

The weighted average duration of the Authority's defined benefit obligation is 16 years, measured on the actuarial assumptions used for IAS19 purposes.

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both scheme liabilities have been assessed by an independent firm of actuaries Mercer Ltd, estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31 March 2024.

The principal assumptions used by the actuary have been:

	Avon Pension Fund		Discretionary Benefits (Teachers) Scheme	
	2023/24	2022/23	2023/24	2022/23
<b>Mortality assumptions :</b>				
Longevity for current pensioners:	<u>at 65</u>		<u>at 75</u>	
Men	22.0	22.4	13.5	13.8
Women	24.1	24.4	15.1	15.3
Longevity for future pensioners:				
Men	23.3	23.7	22.0	22.4
Women	25.8	26.4	24.1	24.4
Rate of inflation	2.7%	2.7%	2.7%	2.7%
Rate of increase in salaries	4.2%	4.2%		
Rate of increase in pensions	2.8%	2.8%	2.8%	2.8%
Rate for discounting scheme liabilities	4.9%	4.8%	4.9%	4.9%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring in 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.

### Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Rate of discounting scheme liabilities (increase or decrease by 0.5%)	(51,248)	51,248
Rate of Inflation (increase or decrease by 0.25%)	27,031	(27,031)
Rate of increase in salaries (increase or decrease by 0.25%)	3,075	(3,075)
Longevity (increase or decrease in 1 year)	17,544	(17,544)

## NOTES TO MAIN FINANCIAL STATEMENTS

### Risks and Investment strategy

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

To achieve its investment objective the Fund invests across a diverse range of assets such as equities, bonds, property and other alternative investments, and uses a number of investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions.

### Constitution of the fair value of scheme assets

The Discretionary Benefits Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Assets Held :	Assets at 31 March 2024		Assets at 31 March 2023	
	£'000	%	£'000	%
Equity investments	337,209	50.0%	220,938	34.9%
Government Bonds	155,116	23.0%	121,528	19.2%
Other Bonds	60,698	9.0%	56,378	8.9%
UK Property Funds	35,070	5.2%	40,615	6.4%
Alternatives	189,512	28.1%	181,300	28.6%
Cash Accounts	(103,186)	(15.3)%	12,052	1.9%
<b>Total</b>	<b>674,418</b>	<b>100%</b>	<b>632,811</b>	<b>100%</b>

### History of experience gains and losses

Actuarial losses identified as movements on the Pensions Reserve in 2023/24 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2024.

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
<b>Difference between the expected and actual return on scheme assets:</b>						
amount (£'000)	19,687	(57,880)	48,982	81,048	(52,191)	14,615
percentage	2.9%	7.2%	7.2%	12.9%	9.7%	2.5%
<b>Experience (gains) and losses on liabilities</b>						
amount (£'000)	6,849	120,769	2,694	(18,696)	1,878	-
percentage	0.9%	0.3%	0.3%	1.9%	0.2%	0.0%
	<b>26,536</b>	<b>62,889</b>	<b>51,676</b>	<b>62,352</b>	<b>(50,313)</b>	<b>14,615</b>
<b>Cumulative (gains) / losses recognised</b>	<b>244,826</b>	<b>218,290</b>	<b>155,401</b>	<b>103,725</b>	<b>41,373</b>	<b>91,686</b>

## 42 AVON COUNTY COUNCIL DEBT

Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment. The amount of residual debt outstanding at 31 March 2024 apportioned to this Council is £9.664m (£10.067m at 31st March 2023). The debt has now been included in the Council's Balance Sheet as a deferred liability which will reduce each year due to principal repayments.

	31 March 2023	Principal Repaid	31 March 2024
	£000	£000	£000
<b>Ex- Avon loan debt principal repayment</b>	10,067	(403)	9,664
<b>Split Between Short-Term &amp; Long-Term:</b>			
Short-Term Liability	403		387
Long-Term Liability	9,664		9,277
<b>Total</b>	<b>10,067</b>		<b>9,664</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 43 MINIMUM REVENUE PROVISION (MRP)

#### Minimum Revenue Provision - Provision for Repayment of External Debt

The Local Government Act 2003 requires that where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008.

The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance), whilst making its own assessment of a prudent MRP.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

The Council reviewed and amended its MRP Policy during 2016/17. The following approved MRP statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 1st April 2008 MRP will be determined as the principal repayment on a 50 year annuity with an annual interest rate equal to 2% which will fully finance this element of the Capital Financing Requirement (CFR) within 50 years, incorporating an "Adjustment A" of £38.8m.

- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For assets acquired by finance leases or the Private Finance Initiative, [and for the transferred debt from Avon County Council], MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

Capital expenditure incurred during each financial year will not be subject to a MRP charge until the following financial year or until the year after the asset becomes operational.

Using the various elements outlined in this MRP Policy the Council will calculate a gross amount that it considers prudently necessary to fund previously incurred borrowing in respect of capital expenditure. It will then decide how much of this to fund from capital receipts with the residual amount being the Council's MRP for the year.

The net amount charged to revenue in compliance with the statutory requirement to set aside a Minimum Revenue

Provision for the repayment of external debt is £10.184m calculated as follows:

	2023/24	2022/23
	£000	£000
Provision for capital expenditure incurred before 1st April 2008	611	599
Provision based on estimated useful life of new assets since 2008	9,573	8,575
<b>Total Minimum Revenue Provision (MRP)</b>	<b>10,184</b>	<b>9,174</b>

The excess of depreciation, impairment and the effect of deferred charges and intangible assets charged to Net Operating Expenditure over the Minimum Revenue Provision is reversed through the Statement of Movement on the General Fund Balance by an adjustment with the Capital Adjustment Account.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 44 TRUST FUNDS

The Council is the trustee of a small number of Trusts which were inherited from the predecessor authorities. These include bequests, schools prize and scholarship funds and grave maintenance.

The only Trusts with material assets are:

	2023/24 Exp. £'s	2023/24 Income £'s	2023/24 Assets £'s	2023/24 Liabilities £'s
Alice Park Trust	43,304	(43,304)	189,762 *	
<b>Total</b>	<b>43,304</b>	<b>(43,304)</b>	<b>189,762</b>	<b>0</b>

\* Includes external investments valued at £18,369

	2022/23 Exp. £'s	2022/23 Income £'s	2022/23 Assets £'s	2022/23 Liabilities £'s
Alice Park Trust	40,383	(40,383)	171,393 *	
<b>Total</b>	<b>40,383</b>	<b>(40,383)</b>	<b>171,393</b>	<b>0</b>

\* Includes external investments valued at £18,216

The purpose of these funds is to provide for the maintenance of specific parks or recreation grounds in Bath.

**Other Trust Funds** of which B&NES is the sole trustee, relate to assets held - these are for items such as Bequests and Scholarship funds, for which external annual accounts are not prepared:

	2023/24 Exp. £'s	2023/24 Income £'s	2023/24 Assets £'s	2023/24 Liabilities £'s
Educational Funds		(1,809)	39,680	
Graves / Memorial maintenance		(653)	13,637	
Twinning Fund	598	(1,308)	27,308	
Bequests	455	(1,891)	39,021	
<b>Total</b>	<b>1,053</b>	<b>(5,661)</b>	<b>119,646</b>	<b>0</b>

	2022/23 Exp. £'s	2022/23 Income £'s	2022/23 Assets £'s	2022/23 Liabilities £'s
Educational Funds		(809)	37,871	
Graves / Memorial maintenance		(292)	12,984	
Twinning Fund	75	(598)	26,598	
Bequests		(1,268)	37,585	
<b>Total</b>	<b>75</b>	<b>(2,967)</b>	<b>115,038</b>	<b>0</b>

### 45 CONTROLLED COMPANIES

#### Aequus Developments Ltd (ADL)

The Council set up ADL to develop, deliver, own and manage existing property as well as carry out new developments on a case by case basis. ADL is a 100% subsidiary of AGHL.

The company's draft un-audited accounts to 31st March 2024 show a turnover of £1,563,794, a net loss of £209,152, net current liabilities of £1,416,882 and net assets of £1,753,834. (Turnover of £1,538,432, a net profit of £217,038, net current liabilities of £62,059 and net assets of £1,617,614 in the company's audited 2022/23 accounts). These figures include outstanding loans made to the company by the Council of £6,997,717 (£5,972,491 2022/23).

#### Aequus Construction Ltd (ACL)

ACL, which is a 100% subsidiary of AGHL, was set up during 2017/18 to carry out construction and development of building projects.

The company's draft un-audited accounts to 31st March 2024 show a turnover of £4,383,919, a net profit of £7,854, net current assets of £1,915,310 and net assets of £1,944,242 (a turnover of £8,056,920, a net profit of £284,119, net current assets of £2,793,560 and net assets of £2,784,387 in the company's audited 2022/23 accounts). These figures include outstanding loans made to the company by the Council of NIL (NIL in 2022/23).

#### Aequus Group Holdings Ltd (AGHL)

The Council set up a company as a holding company for Aequus Developments Ltd (ADL) and Aequus Construction Ltd (ACL) in 2022/23.

The company is 100% owned by the Council and as a non-trading holding company does not have a turnover, with £100 share capital. It's accounts are reported under FRS101 Reduced Disclosure Framework.

A copy of the AGHL, ADL & ACL accounts can be obtained from Aequus Developments Ltd, Cambridge House, Henry Street, Bath, England, BA1 1BT.

The turnover and assets held by Aequus Developments Ltd (ADL) and Aequus Construction Ltd. (ACL) is considered significant enough to produce Group Accounts, and have therefore these have been consolidated with the accounts of Bath & North East Somerset Council in the Group Financial Statements section of the Statement of Accounts.

### 46 CONTINGENT LIABILITIES

The Council's Senior Management Team have identified / reviewed the potential liabilities arising from appeals or objections to the Council's actions for which there is only a small number of such cases and are not considered material.

### 47 HERITAGE ASSETS; FURTHER INFORMATION ON THE COLLECTIONS

#### Roman Baths Museum

The Roman Baths Museum holds a number of collections principally of an archaeological nature but also includes a diverse local history collection and a major collection of coins which together tell the story of 7,000 years of human activity around the hot springs of Bath. The collections have been designated as being of outstanding national significance.

**Archaeology:** The prehistoric collections include flint and stone objects, mostly from the downs to the north and south of Bath. There is also bronze age metalwork and small quantities of prehistoric pottery, human and faunal remains including objects from the iron age hillfort at Little Solsbury.

In the Roman collection, the bulk of materials relate to the Baths and Temple site in which the museum is situated, consisting of building blocks, architectural fragments, sculptural reliefs, inscriptions, tile and lead and bronze plumbing fittings. There are similar objects from elsewhere in Bath. From elsewhere in the District there are objects from the Roman Villas at Combe Hay, Somerdale Roman House and Medieval Abbey site which is managed locally by the Keynsham Heritage Trust.

The museum has been approved by English Heritage for the deposition of excavation material and the collections are added to continually through receipt of excavation material as well as the occasional stray find. The museum will only normally collect within the boundaries of Bath & North East Somerset.

**Numismatics:** There is a strong collection of Roman coins of which the most important are those excavated from the King's Spring, as well as the recently acquired Beau Street hoard of coins, purchased with the support of external grants. There are also coins from the Saxon mint at Bath as well as a representative collection of English coinage from the Saxon period to the 20th century. The collection also includes miscellaneous foreign coins, commemorative medals, jettons and reckoning counters and a comprehensive collection of 17th, 18th and 19th century tokens, tickets, inn checks and bank notes from Bath and north eastern Somerset. The museum will continue to develop its collection of locally associated objects.

**Local History:** These collections consist principally of objects relating to the city and immediate environs of Bath, including a significant and substantial collection of old photographs, postcards and glass negatives.

The museum will continue to take a leading role in promoting the acquisition of objects of local and social historical significance.

Valuations are carried out by the museums curator and where necessary supplemented with advice is sought from an external source.

#### Bath Record Office

Bath is the only city in the UK to be designated as a UNESCO world heritage site, selected for its 18th century townscape, built around the ancient thermal spa. The archive collections of the Record Office are exceptional for their quality and completeness in documenting the transition from medieval market town to fashionable Georgian resort, preserved today as one of Britain's top visitor destinations.

The wide-ranging subject matter touches on almost every aspect of life in the developing city throughout the last 400 years including records of parishes, schools, crime and punishment, hospitals and medicine, charities, societies, commerce and entertainment. The role played by the Corporation of Bath as a major property developer, from the 17th century to the present is represented by an outstanding collection of title deeds, complemented by major collections from local solicitors. Since the creation of the Record Office in 1967 many substantial and historically important archives collections have been received from private sources.

The Bath Record Office collection will be developed through the acquisition of archives and records from within the Bath & North East Somerset area and may encompass records in any form including manuscripts, photographs, pictures, film and all communication media. Items from the records office are not kept on display but access to the material can be arranged by appointment.

The collections are valued for insurance purposes. Valuations are carried out in the main by the records manager, where this is not possible advice is sought from a commercial source.

#### Fashion Collection

The Museum in the Assembly Rooms closed in October 2022, with the collection will be housed close to Bath in temporary accommodation. We continue to loan items to other museums for exhibitions. The asset is one of the largest and most comprehensive collections of fashionable dress and associated material in this country and contains approximately 60,000 objects. The collection has been designated as one of outstanding national significance.

The collection includes items of fashionable dress and accessories to dress for men, women and children from the late 16th century to the present day including day and evening dress, separate garments such as blouses, skirts, shirts and trousers, underwear and outerwear, as well as fashion accessories such as hats, shoes, gloves, parasols, fans and costume jewellery.

The collection also includes works on paper associated with fashionable dress including fashion magazines, fashion photographs and drawings, fashion plates, knitting and dressmaking patterns, historic costume books, trade and designers' archives and costume historians' papers.

The museum's acquisition objectives break down into three areas: to fill the gaps in the collection of fashionable dress; to build on strengths in the collection and to ensure that the collection is up to date.

The collections are valued for insurance purposes. Valuations are carried out in the main by the Museum's Curator, where this is not possible advice is sought from a commercial source.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### Victoria Art Gallery

The Victoria Art Gallery's collections of fine and decorative art date from the 16th century to the present day. To a significant extent they tell the story of art in the city of Bath and the surrounding area. Most of the 15,350 items in the collection were acquired by way of gift and bequest. Valuations are carried out by the museums curator, and where necessary supplemented with advice sought from an external source.

**Fine Art:** the bulk of the collection consists of British drawings, paintings, watercolours and miniatures and silhouettes from the 17th to the 21st century. There are also small collections of sculpture and of European works of art. Of particular significance are the collections of prints, drawings and watercolours associated with Georgian Bath. The gallery also holds a large collection of portraits produced by artists who worked in the local area including Thomas Gainsborough and Sir Thomas Lawrence.

**Decorative Art:** the collections include porcelain, pottery and glass dating from the 17th to the 19th century. The bulk of this material is British and the collections of Delftware and of English drinking glasses are of particular note. The gallery seeks to build on and improve its collection with the acquisition of items which complement existing holdings.

### Library Service

The collection of Library Service heritage assets is defined as items available for consultation but not available for loan either due to their local cultural or historical significance, or because they were bequeathed to the library by local citizens.

The collection is divided into 4 categories:

**Reserve & Reference stock:** this includes approximately 44,400 items of books, journals, pamphlets and newspapers, including bound sheet music and loose engravings.

**Open Access Reference:** containing around 11,200 catalogued books and pamphlets, maps, photos, slides and 10,000 clippings envelopes.

**Special Store:** this is stock of a non-standard item due to either its format e.g. autographed letters, manuscripts etc. or its value such as rare books and fine bindings.

**Local Store:** stock that is local or family history oriented, or is a non-standard item due to its format such as maps, Valentine's cards or photographs.

Title to the collection of civic regalia and silver of the former Bath City Council was transferred to the Charter Trustees on Local Government re-organisation in 1996 and is therefore not included in the Council's Balance Sheet.



## NOTES TO MAIN FINANCIAL STATEMENTS

### 48 CITY REGION DEAL

#### Background

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

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2014. 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 Authority pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the Business Rates Pool (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 Authority 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 £'000	of which the Council's Share £'000	Council Expenditure £'000	Council Revenue £'000
Funds held by BRP at 1 April 2023	(77,917)	(2,191)	0	0
Receipts into the Pool in-year:				
- Growth sums payable by Councils to BRP in-year	(53,358)	(1,633)	843	0
Distributions out of the Pool in-year:				
- Tier 1 no worse off	18,592	581	0	(581)
- BRP Management Fee	36	9	0	0
- EDF Management Fee	75	19	0	0
- Tier 2 EDF funding	6,509	71	0	(67)
- Tier 3 Demographic and service pressures	4,908	164	0	(270)
<b>Funds held by the BRP at 31 March 2024</b>	<b>(101,154)</b>	<b>(2,980)</b>		
Analysed between:				
Uncommitted cash (Tier 2 incl. Contingency)	(3,278)	(99)	44	n/a
Committed cash not yet allocated	(97,877)	(2,881)	746	n/a
	<b>(101,154)</b>	<b>(2,980)</b>		
<b>Expenditure / (Revenue) recognised</b>			<b>1,633</b>	<b>(918)</b>

As stated under the accounting policy note for the City Region Deal, 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 incurred. Remaining cash is recognised by each Council as a debtor.

The Council's share of this committed and uncommitted cash balance held by the BRP (£2.980m) has been recognised in the accounts 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 several payments totalling £6.509m on behalf of the EDF in 2023/24.

The council itself has recognised revenue income of £918,000 (2022/23: (£868,000)) from the BRP and expenditure of £1,633,000 (2022/23: £885,000) to the BRP for the year.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 49 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES & ESTIMATES & ERRORS

#### Restatement of Service Income & Expenditure

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income & Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2023/24 Code requires that authorities present expenditure and income on services on the bases of its reportable segments. These reportable segments are based on the Authority's reporting structure. The Authority's reportable segments are the Cabinet Portfolios, and following a change to the Cabinet structure during 2023/24, the Portfolios of responsibility are structured differently to those included in the 2022/23 Statement of Accounts. This note shows how the net expenditure and income has been restated.

	As originally reported in the CIES 2022/23 £'000	Adjustments between Cabinet Portfolio structure £'000	As Restated 2022/23 £'000
<b>NET EXPENDITURE</b>			
<b>Cabinet Portfolio</b>			
Leader	(3,291)	3,020	(271)
Resources	21,621	(11,478)	10,144
Economic Development, Regen. & Growth	1,549	(1,549)	-
Adult Services & Council House Building	69,893	(69,893)	-
Children and Young People & Communities	46,614	(46,614)	-
Climate Emergency & Sustainable Travel	(1,565)	2,817	1,252
Planning & Licensing	2,255	(2,255)	-
Neighbourhood Services	36,261	(6,256)	30,005
Transport	(5,303)	5,303	-
Council Priorities & Delivery	-	3,786	3,786
Economic & Cultural Sustainable Developm't	-	6,557	6,557
Adult Services	-	69,772	69,772
Children's Services	-	41,232	41,232
Built Environment & Sustainable Development	-	3,441	3,441
Highways	-	2,117	2,117
<b>Cost of Services</b>	<b>168,034</b>	<b>0</b>	<b>168,034</b>
<b>GROSS EXPENDITURE</b>			
<b>Cabinet Portfolio</b>			
Leader	15,981	(15,079)	902
Resources	69,349	(18,372)	50,978
Economic Development, Regen. & Growth	3,396	(3,396)	-
Adult Services & Council House Building	115,384	(115,384)	-
Children and Young People & Communities	137,282	(137,282)	-
Climate Emergency & Sustainable Travel	5,896	(3,427)	2,469
Planning & Licensing	7,144	(7,144)	-
Neighbourhood Services	45,090	(6,168)	38,922
Transport	9,600	(9,600)	-
Council Priorities & Delivery	-	8,915	8,915
Economic & Cultural Sustainable Developm't	-	28,271	28,271
Adult Services	-	122,978	122,978
Children's Services	-	119,786	119,786
Built Environment & Sustainable Development	-	11,519	11,519
Highways	-	24,384	24,384
<b>Cost of Services</b>	<b>409,122</b>	<b>0</b>	<b>409,122</b>
<b>GROSS INCOME</b>			
<b>Cabinet Portfolio</b>			
Leader	(19,272)	18,100	(1,173)
Resources	(47,728)	6,894	(40,835)
Economic Development, Regen. & Growth	(1,847)	1,847	-
Adult Services & Council House Building	(45,491)	45,491	-
Children and Young People & Communities	(90,668)	90,668	-
Climate Emergency & Sustainable Travel	(7,461)	6,244	(1,217)
Planning & Licensing	(4,889)	4,889	-
Neighbourhood Services	(8,829)	(88)	(8,917)
Transport	(14,903)	14,903	-
Council Priorities & Delivery	-	(5,129)	(5,129)
Economic & Cultural Sustainable Developm't	-	(21,714)	(21,714)
Adult Services	-	(53,206)	(53,206)
Children's Services	-	(78,553)	(78,553)
Built Environment & Sustainable Development	-	(8,078)	(8,078)
Highways	-	(22,267)	(22,267)
<b>Cost of Services</b>	<b>(241,088)</b>	<b>0</b>	<b>(241,088)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 50 CLEAN AIR ZONE

The Council operate a Class C Clean Air Zone (CAZ) within Bath, which came into operation in March 2021. Details of this, including the Bath Clean Air Zone Charging Order 2021, can be viewed on the Council's website. This disclosure note meets the Council's requirements of the accounting provisions covered under Schedule 12, paragraph 6, of the Transport Act 2000.

#### Clean Air Zone Income & Expenditure

	2023/24		2022/23	
	£'000	£'000	£'000	£'000
CAZ Income		(4,228)		(6,186)
Expenditure	1,939		2,470	
<i>less Grant Funding</i>			(58)	
Expenditure net of Grant Funding		1,939		2,412
<b>(Surplus) / Deficit transferred to Earmarked Reserve</b>		<b>(2,289)</b>		<b>(3,774)</b>

#### Clean Air Zone Earmarked Reserves

	31 March	transfers	transfers	31 March
	2023	to	from	2024
	£'000	£'000	£'000	£'000
Smoothing Reserve	3,224	834	(529)	3,529
Decommissioning Reserve	377	23	-	400
Decommissioning Monitoring and Modelling Reserve	250	150	-	400
Transport Investment Reserve	5,105	1,282	(136)	6,251
<b>Total Clean Air Zone Reserves</b>	<b>8,956</b>	<b>2,289</b>	<b>(665)</b>	<b>10,580</b>

The Clean Air Zone Reserves will be used for decommissioning costs once the scheme has finished, as well as smoothing the income over the life of scheme to match the expenditure. This is due to income forecast to decrease as vehicle compliance rates improve, without expenditure reducing.

## COLLECTION FUND 2023/24

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.

	Notes	£'000	2023/24 £'000	2022/23 £'000
<b>INCOME</b>				
Council Tax	2	(141,565)		(133,197)
Income collectable from business ratepayers	3	(67,659)		(62,160)
			(209,224)	(195,357)
<b>EXPENDITURE</b>				
Council Tax - Precepts and demands				
Bath & North East Somerset		116,839		109,964
Avon & Somerset Police	1	18,264		17,045
Avon Fire	1	5,691		5,289
			140,794	132,298
National Non-Domestic Rates (NNDR)				
Central share payment to Government		-		-
Local share payment to Bath & North East Somerset		60,699		52,886
Local share payment to WECA		3,229		2,813
Local share payment to Avon Fire Authority		646		563
Transfer of City Deal Growth Disregard to General Fund	6	1,083		603
Transfer of Renewable Energy Growth Disregard to General Fund		20		13
Cost of Collection Allowance		268		268
Interest charged to the collection fund		27		
			65,972	57,146
Impairments of debts/Appeals provision				
Contribution to Provision for Bad Debts	4		561	879
Contribution to Provision for NNDR Appeals	5		(3,624)	2,492
Contributions				
Contribution towards previous year's estimated Collection Fund Surplus/(Deficit)			5,848	(19,946)
			209,551	172,869
(Surplus)/Deficit for the Year			327	(22,488)
(Surplus)/Deficit Brought Forward as at 1 April			(6,098)	16,390
<b>(Surplus)/Deficit as at 31 March</b>	7		<b>(5,771)</b>	<b>(6,098)</b>
Council Tax Surplus / (Deficit) to be refunded to Police & Fire Authorities			25	15
NNDR Surplus / (Deficit) to be refunded / charged to Government, WECA & Fire Authority			338	361
<b>Bath &amp; North East Somerset (Surplus)/Deficit</b>			<b>(5,408)</b>	<b>(5,722)</b>

## NOTES TO THE COLLECTION FUND

### 1 The Collection Fund

The Collection Fund Account is a statutory fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NDR). The year end surplus/deficit on the Fund is due to/from the Council as 'billing authority' and the major precepting authorities, Avon & Somerset Police Authority and Avon Fire Authority.

The precepts and demands related to Council Tax are as follows;

	Precept 2023/24 £'000	Surplus / (Deficit) 2023/24 £'000	Precept 2022/23 £'000	Surplus / (Deficit) 2022/23 £'000
The Avon & Somerset Police Authority	18,264	66	17,045	288
The Avon Fire Authority	5,691	19	5,289	90

### 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. Estimated values at 1 April 1991 are used for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Bath & North East Somerset Council, the Police Authority and the Fire Authority for the forthcoming year and dividing this by the Council Tax base (adjusted for discounts) of 68,609.95 (67,853.70 for 2022/23). This amount of Council Tax for a Band D property £2,052.09 (£1,949.75 - 2022/23) is multiplied by the proportion specified for the particular band to give an individual amount due.

Council Tax bills were based on the following proportions from Bands A to H:

	Discounted Properties	Ratio to Band D	Band D Equivalents
Band A - Disabled Relief	10	5/9	6
Band A	6,787	6/9	4,525
Band B	16,681	7/9	12,974
Band C	18,091	8/9	16,081
Band D	12,851	9/9	12,851
Band E	9,212	11/9	11,259
Band F	5,295	13/9	7,649
Band G	4,702	15/9	7,837
Band H	391	18/9	783
			73,965
Overall Adjustment for Council Tax Support and Technical Changes			<u>(5,355)</u>
<b>Council Tax Base</b>			<u><b>68,610</b></u>

The increase in the Council Tax base between financial years is mainly due to an increase in the number of chargeable dwellings.

The income for 2023/24 is receivable from the following sources:-

	2023/24 £'000	2022/23 £'000
Billed to Council Tax payers	(141,248)	(133,153)
Localism Act Discounts funded from General Fund	(8)	(6)
DWP Benefits funded from General Fund	-	8
Foster Carers Locally Defined Discount funded from General Fund	(14)	(12)
Care Leavers Locally Defined Discount funded from General Fund	(50)	(37)
Council Tax Covid-19 Hardship Relief funded from General Fund	1	2
Council Tax Support Fund	(245)	
	<u>(141,564)</u>	<u>(133,198)</u>

## NOTES TO THE COLLECTION FUND

### 3 Income collectable from business ratepayers - National Non-Domestic Rates (NNDR)

The Council collects NNDR for its area based on local rateable values multiplied by a uniform business rate set nationally by Central Government. The national multipliers for 2023/24 were 49.1 pence for qualifying small businesses and 50.4 pence for all other businesses, subject to transitional arrangements. The NNDR income after reliefs of £67.659 million for 2023/24 (£62.160 million for 2022/23) resulted from a total rateable value at 31 March 2024 of £193.879 million (2022/23: £183.371 million).

Until 2013/14, the total amount due, less certain allowances, was paid to an NNDR pool administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, based on a fixed amount per head of population.

From 1 April 2013, the NNDR scheme changed following the introduction of a business rates retention scheme where local authorities retain a proportion of the total amount due (49% for B&NES and 1% for Avon Fire Authority), subject to safety net and levy payments on disproportionate losses or growth. The remaining 50% was paid to Central Government and redistributed to local authorities as Revenue Support Grant.

In 2017/18 a number of 100% Business Rate Retentions pilot schemes were agreed by central government in areas with signed devolution deals. This included a pilot scheme for the West of England which includes Bath & North East Somerset Council, Bristol City Council, South Gloucestershire Council and the West of England Combined Authority (WECA). Under the pilot, B&NES retains 94% of business rates, with WECA retaining 5% and Avon Fire Authority retaining 1%. The Council's Revenue Support Grant is no longer received directly from the Central Government and has been rolled into the pilot scheme.

The closing surplus on the business rates retention scheme in 2023/24 is £5.625m (£6.008m surplus in 2022/23). The surplus is to be allocated to the Council (94%), WECA (5%) and Fire Authority (1%) based on the proportional shares agreed under the 100% retention pilot.

### 4 Council Tax and NNDR - Provision for Bad Debts

The Collection Fund account provides for bad debts on Council Tax and NNDR arrears as shown below:

	2023/24 £'000	2022/23 £'000
<b>Council Tax</b>		
Balance at 1 April	1,669	1,374
Write-offs during the year	(180)	(170)
Contributions to provisions during the year	215	465
Net Increase/(Decrease) in Provision	35	295
Balance at 31 March	<u>1,704</u>	<u>1,669</u>
<b>NNDR</b>		
Balance at 1 April	1,202	1,044
Write-offs during the year	(504)	(256)
Contributions to provisions during the year	347	414
Net Increase/(Decrease) in Provision	(157)	158
Balance at 31 March	<u>1,045</u>	<u>1,202</u>
<b>Total</b>		
Balance at 1 April	2,871	2,418
Write-offs during the year	(684)	(426)
Contributions to provisions during the year	562	879
Net Increase/(Decrease) in Provision	(122)	453
Balance at 31 March	<u>2,749</u>	<u>2,871</u>

The closing balances represent the impairment allowances for the estimated amounts that may become uncollectable in future.

### 5 Provision for Appeals

An estimate of the impact of business rate appeals, where businesses believe they have been overcharged and have made an appeal to the Valuation Office Agency (VOA), has been made, including for the effect of backdated appeals costs prior to 1 April 2024.

	2023/24 £'000	2022/23 £'000
Balance at 1 April	13,590	14,474
Cost of Appeals settled during the year	(4,436)	(3,377)
Contributions to provisions during the year	(3,624)	2,492
Net Increase/(Decrease) in Provision	(8,060)	(884)
Balance at 31 March	<u>5,530</u>	<u>13,590</u>

The net reduction in appeals provision is mainly due to the impact of settled appeals in respect of the 2017 rating list and the release from the 2017 rating list provision, due to the closure of the 2017 rating list as at 31st March 2023 and review of outstanding appeals as at 31st March 2024. Provision for appeals on the 2023 rating list has been made at 3.4% of the net business rates payable.

## NOTES TO THE COLLECTION FUND

### 6 City Deal Growth Disregard

From 2014/15, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise Area. The growth is transferred to the Council's General Fund before being pooled with other participating authorities (see Note 48 to the Main Financial Statements for full details).

### 7 Balance of Fund & Distribution

As at 31 March 2024, the balance on the Collection Fund stood at an overall surplus of £5.772m

The credit balance for Council Tax, due to the Council, Police and Fire Authority, and the credit balance for Non-Domestic Rates, due to the Council, the West of England Combined Authority and the Fire Authority, is as follows:

	<b>Council Tax</b>	<b>NNDR</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central Government	-	-	-
Bath & North East Somerset	(123)	(5,287)	(5,410)
West of England Combined Authority (WECA)	-	(281)	(281)
Avon & Somerset Police	(19)	-	(19)
Avon Fire Authority	(6)	(56)	(62)
	<b>(148)</b>	<b>(5,624)</b>	<b>(5,772)</b>

Surpluses declared by the Collection Fund are apportioned to the precepting bodies in subsequent financial years.

Deficits likewise, are proportionately charged to the precepting bodies in following financial years.

## NARRATIVE REPORT

### Introduction

In common with many other local authorities, Bath & North East Somerset Council has created separate companies with its partners to further the goals of the Council. The use of separate companies means that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Financial Statements more fully reflect the overall financial picture of the Council's activities.

This section presents the statutory financial statements for Bath & North East Somerset Council Group (the Group) for the period from 1 April 2023 to 31 March 2024. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Group Financial Statements is to provide the reader with an overall view of the material economic activities of the Council.

These Group Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where applicable, the accounting policies of its subsidiaries are aligned with the policies of the Council where transactions are material. Details of policies which related solely to the subsidiary, which cover elements of business the Council as a single entity does not cover, have been added to the group accounts.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2024, with comparative figures for the previous financial year.

### Consolidation of subsidiaries

#### Inclusion Within The Group Financial Statements

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures. The meaning of these terms are outlined below:

**Subsidiary** - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent."

**Associate** - "An associate is an entity over which an investor (the Council) has significant influence."

**Joint Venture** - "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council has two material subsidiary companies which are both 100% owned, these are:

Aequus Developments Limited (ADL) &

Aequus Construction Limited (ACL)

Both ACL and ADL are 100% owned subsidiary of Aequus Group Holdings Limited (AGHL), which is a non-trading parent company. As AGHL is 100% owned by the Bath & North East Somerset Council, both ADL & ACL are treated as separate companies 100% owned by the Council.

More detail regarding each of these organisations can be found in note G3.

The Council does not currently have any material associate or joint venture arrangements with any other entities.

Further detail regarding the Council's relationship with the above companies is given in Note 36 of the Council's Statement of Accounts.

The following statements consolidate the accounts of the Council with those of its subsidiaries. Transactions between the Council and its Group entities are eliminated on consolidation.



## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2023/24

This statement shows the income and expenditure recognised by the Group during the reporting period.

Activities of the subsidiaries have been added as a separate line item in the expenditure on services section. Subsidiary figures also feed in to the Financing and Investment Income and Expenditure and Taxation and Non-Specific Grant income line items.

Notes	2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
	Gross Exp £'000	Gross Inc £'000	Net Exp £'000		Gross Exp £'000	Gross Inc £'000	Net Exp £'000
	Restated	Restated	Restated	<b>Expenditure on Services</b>			
	902	(1,173)	(271)	Leader	1,275	(1,309)	(34)
	8,915	(5,129)	3,786	Council Priorities & Delivery	10,686	(1,520)	9,166
	48,443	(40,229)	8,214	Resources	58,514	(45,236)	13,278
	28,271	(21,714)	6,557	Economic & Cultural Sustainable Developm't	26,065	(26,704)	(639)
	122,978	(53,206)	69,772	Adult Services	128,196	(59,919)	68,277
	119,785	(78,553)	41,232	Children's Services	124,483	(78,326)	46,157
	2,469	(1,217)	1,252	Climate Emergency & Sustainable Travel	4,073	(2,434)	1,639
	11,518	(8,077)	3,441	Built Environment & Sustainable Development	15,303	(11,381)	3,922
	38,922	(8,917)	30,005	Neighbourhood Services	47,011	(9,598)	37,413
	24,383	(22,267)	2,116	Highways	24,644	(22,605)	2,039
	7,939	(6,803)	1,136	Activities of Subsidiaries	6,500	(4,072)	2,428
	414,525	(247,285)	167,240	<b>Cost of Services - continuing Operations</b>	<b>446,750</b>	<b>(263,104)</b>	<b>183,646</b>
			7,514	Other Operating Expenditure			8,667
			24,297	Financing and Investment Income & Expenditure			11,901
		(182,156)		Taxation and Non-Specific Grant Income			(177,138)
			16,895	<b>(Surplus) or Deficit on Provision of Services</b>			<b>27,076</b>
		(25,034)		(Surplus) or Deficit on Upward Revaluation of Non-current Assets			(21,950)
			2,661	(Surplus) or Deficit on Downward Revaluation of Non-current Assets			12,567
		(234,365)		Remeasurement of the net defined benefit liability			(33,542)
		(256,738)		<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(42,925)</b>
		(239,843)		<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(15,849)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT 2023/24

This statement shows the movement in the year on the different reserves held, analysed into 'usable reserves' (that is, those that can be applied to fund expenditure or reduce local taxation) and other reserves.

<u>Current Year</u>	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's share of reserves of subsidiaries £'000	Total Group Reserves £'000
<b>Balance at 31 March 2023</b>	<b>83,626</b>	9,042	-	<b>92,668</b>	316,855	<b>409,523</b>	4,836	<b>414,358</b>
Movements During 2023/24:								
Adjustment to Opening Balance				-		-	(453)	(453)
Total Comprehensive Income & Expenditure	(26,073)			(26,073)	42,853	16,780	(931)	15,850
Adjustments between group accounts and authority accounts	848			848		848	(848)	-
<b>Net Increase/ (Decrease) before transfers</b>	<b>(25,225)</b>	-	-	<b>(25,225)</b>	42,853	17,628	<b>(2,232)</b>	<b>15,397</b>
Adjustments between accounting basis and funding basis under statutory provisions	28,888	(1,331)	-	27,557	(27,557)	-	-	-
<b>Increase / (Decrease) during year</b>	<b>3,663</b>	<b>(1,331)</b>	-	<b>2,332</b>	15,296	17,628	<b>(2,232)</b>	<b>15,397</b>
Transfers to / (from) earmarked reserves	(848)			(848)		(848)	848	-
<b>Balance at 31 March 2024</b>	<b>86,441</b>	7,711	-	<b>94,152</b>	332,151	<b>426,302</b>	3,452	<b>429,754</b>
<u>Comparative Year</u>								
<u>Comparative Year</u>	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's share of reserves of subsidiaries £'000	Total Group Reserves £'000
<b>Balance at 31 March 2022</b>	<b>111,323</b>	8,518	22	<b>119,863</b>	50,614	<b>170,477</b>	4,075	<b>174,552</b>
Movements During 2022/23:								
Adjustment to Opening Balance				-		-	(37)	(37)
Total Comprehensive Income & Expenditure	(16,265)			(16,265)	255,310	239,045	797	239,842
Adjustments between group accounts and authority accounts	1,169			1,169		1,169	(1,169)	-
<b>Net Increase/ Decrease before transfers</b>	<b>(15,096)</b>	-	-	<b>(15,096)</b>	255,310	240,214	<b>(372)</b>	<b>239,843</b>
Adjustments between accounting basis and funding basis under statutory provisions	(11,432)	524	(22)	(10,930)	10,930	-		-
<b>Increase / (Decrease) during year</b>	<b>(26,528)</b>	<b>524</b>	<b>(22)</b>	<b>(26,026)</b>	266,240	240,214	<b>(372)</b>	<b>239,843</b>
Transfers to / (from) earmarked reserves	(1,169)			(1,169)		(1,169)	1,169	-
<b>Balance at 31 March 2023</b>	<b>83,626</b>	9,042	-	<b>92,668</b>	316,855	<b>409,522</b>	4,836	<b>414,358</b>

## GROUP BALANCE SHEET as at 31 MARCH 2024

The Group Balance Sheet summarises the financial position of the Council and its two subsidiaries as a whole. It shows the value of group assets and liabilities at the end of the financial year.

Notes	31 March 2023 £'000		31 March 2024 £'000
	262,210	Property, Plant & Equipment:	
	4,335	Land & Buildings	306,264
	22,095	Community Assets	4,874
	61,126	Vehicles, Plant & Equipment	21,952
	3,428	Assets under Construction	40,274
	133,532	Surplus assets	3,429
	48,564	Infrastructure	144,297
<b>G4</b>	264,431	Heritage Assets	48,564
	650	Investment Property	249,516
<b>G6</b>	1,678	Intangible Assets	480
	-	Long Term Debtors	1,910
	<u>802,048</u>	Deferred tax asset	-
		<b>Long Term Assets</b>	<b><u>821,560</u></b>
	13,960	Short Term Investments	7,801
<b>G5</b>	3,132	Inventories	5,464
<b>G6</b>	48,688	Short Term Debtors	56,894
	31,980	Cash and Cash Equivalents	26,998
	170	Assets Held for Sale	0
	12	Deferred tax asset	-
	<u>97,942</u>	<b>Current Assets</b>	<b><u>97,157</u></b>
	-	Short Term Borrowing	(14,498)
	(76,299)	Short Term Creditors	(71,512)
	(1,600)	Grants Receipts In Advance - Revenue	(2,402)
	<u>(19,573)</u>	Grants Receipts In Advance - Capital	<u>(41,215)</u>
	(97,472)	<b>Current Liabilities</b>	<b>(129,627)</b>
	(15,532)	Long Term Creditors	(1,543)
	(214,184)	Provisions	(7,764)
	(35)	Long Term Borrowing	(238,101)
	(126,372)	Deferred tax liability	(318)
	<u>(32,037)</u>	Other Long Term Liabilities	(92,413)
	(388,160)	Grants Receipts In Advance - Capital	<u>(19,197)</u>
	<u>414,358</u>	<b>Long Term Liabilities</b>	<b>(359,336)</b>
		<b>Net Assets</b>	<b><u>429,754</u></b>
	97,505	Usable reserves	97,605
	316,853	Unusable Reserves	332,149
	<u>414,358</u>	<b>Total Reserves</b>	<b><u>429,754</u></b>

## GROUP CASH FLOW STATEMENT

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period.

2022/23 £'000	<b>See Note G7 for further details</b>	2023/24 £'000
(16,895)	Net surplus or (deficit) on the provision of services	(27,076)
61,435	Adjustment to surplus or deficit on the provision of services for non cash movements	36,106
(48,059)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(24,206)
-	Tax Paid	(86)
(3,520)	Operating Activities	(15,262)
(8,710)	Investing Activities	(21,454)
(8,780)	Financing Activities	31,732
<u>(21,010)</u>	<b>Net Increase/(decrease) in cash equivalents</b>	<u>(4,984)</u>
<b>52,990</b>	<b>Cash &amp; cash equivalents at the beginning of the reporting period</b>	<b>31,981</b>
<b>31,981</b>	<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>26,996</b>

# NOTES TO GROUP FINANCIAL STATEMENTS

## G1 Accounting policies

The Group Financial Statements summarise the Council's and its Group's transactions for the 2023/24 financial year. The Group Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

Members within the Group have been classified as subsidiaries as they are 100% council owned. The subsidiaries have been consolidated into the Group Financial Statements on a line by line basis.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council entity accounts. Where there are no material differences, the Notes to the Council entity accounts provide the required disclosures. Where material, Accounting policies of the individual members of the Group have been aligned to the Council's accounting policies.

The accounting policies applied to the Group Financial Statements are consistent with those set out in Note 1 to the Council entity accounts, with additional policies specific to the Group set out below. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

### 1.1 Inventories

Inventories are initially stated at cost or at the fair value at acquisition date and then held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the company.

### 1.2 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

### 1.3 Assets recognised from costs to fulfil a contract

Assets are recognised in relation to costs incurred in developing assets that will be used to fulfil future contracts. Contract assets are initially stated at cost or at the fair value at acquisition date and then held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the company.

## G2 Bodies not consolidated

The following have not been consolidated in to the Group Financial Statements for 2023/24.

Entity	Reason
Aequus Group Holdings Limited (AGHL)	Immaterial subsidiary - Non-Trading Holding Company

### Aequus Group Holdings Limited (AGHL)

The Council set up a company as a holding company for Aequus Developments Ltd (ADL) and Aequus Construction Ltd (ACL) in 2022/23.

The company is 100% owned by the Council and as a non-trading holding company does not have a turnover, with £100 share capital. It's accounts are reported under FRS101 Reduced Disclosure Framework.

## NOTES TO GROUP FINANCIAL STATEMENTS

### G3 Bodies Consolidated

The Council has consolidated two of its Subsidiaries into its Group Financial Statements, these are Aequus Developments Ltd (ADL) & Aequus Construction Limited (ACL).

#### Aequus Developments Ltd (ADL)

ADL is a wholly owned subsidiary of Aequus Group Holdings Limited (AGHL), established to develop, deliver, own and manage existing properties on behalf of Bath & North East Somerset Council (the Council). The principle activity of ADL in the year under review was that of an investment property company.

The draft accounts for the year to 31 March 2024 for ADL have been summarised below, with comparator figures for the previous reporting period.

	Year ended 31 March 2023 (from audited accounts) £000	Year ended 31 March 2024 £000
<b>Aequus Developments Ltd (ADL)</b>		
Profit for the year	178	(164)
Other Comprehensive Income	1,071	54
Total Comprehensive Income	1,249	(110)
Net assets	1,618	1,508

#### Aequus Construction Ltd (ACL)

ACL is as a wholly owned subsidiary of Aequus Group Holdings Limited (AGHL), established to deliver the construction and development of sites for Bath & North East Somerset Council (the Council). The principal activity of the company in the year under review was that of property development and construction.

The draft accounts for the year to 31 March 2024 for ACL have been summarised below, with comparator figures for the previous reporting period.

	Year ended 31 March 2023 (from audited accounts) £000	Year ended 31 March 2024 £000
<b>Aequus Construction Ltd (ACL)</b>		
Profit for the year	284	(9)
Other Comprehensive Income	-	-
Total Comprehensive Income	284	(9)
Net assets	2,784	1,945

### G4 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.

	2023/24 £'000	2022/23 £'000
Rental Income from Investment Property	(17,060)	(16,228)
Direct operating expenses arising from Investment Property	2,651	1,886
Net gain/(loss)	<u>(14,409)</u>	<u>(14,342)</u>

The following table summarises the movement in the fair value of investment properties over the year.

	2023/24 £'000	2022/23 £'000
Balance at start of year	264,431	265,229
Adjustment to opening balance	-	-
Additions of expenditure	2,232	2,688
Disposals	(268)	(153)
Net gains/(losses) from fair value adjustments	(14,563)	(20,805)
Transfer (to)/from Property, Plant & Equipment	(2,316)	17,472
<b>Balance at end of the year</b>	<u>249,516</u>	<u>264,431</u>

The Council carries out annual valuations of all investment properties. The valuer's report identified a total valuation of £242m, being all level 2 in the hierarchy outlined in policy 1.17 of the single entity accounts.

The fair value of investment properties held by Aequus Development Limited are reviewed annually based on a 20% sample of properties across the portfolio, with a full property revaluation done every 4 years. The 2024 review identified a total valuation of £7.5m, being all level 2 in the hierarchy outlined in accounting policy 1.17 of the single entities accounts.

Both valuations 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.

## NOTES TO GROUP FINANCIAL STATEMENTS

### G5 Inventories

2022/23 £'000		2023/24 £'000
520	Consumable stores	709
2,611	Work in progress	4,755
<u>3,131</u>		<u>5,464</u>

### G6 Debtors

2022/23 £'000	Amounts falling due in one year:	2023/24 £'000
8,209	Central Government bodies	7,024
12,796	Other local authorities	14,181
3,902	NHS bodies	5,196
10,845	Other entities and individuals (Trade Debtors)	15,631
9,925	Other entities and individuals (Non-Trade Debtors)	10,123
2,783	Prepayments	4,739
<u>48,460</u>	<b>Total - Current Assets</b>	<u>56,894</u>
£'000	Amounts falling after one year:	£'000
1,678	Other entities and individuals	1,910
<u>1,678</u>	<b>Total - Long Term Assets</b>	<u>1,910</u>

### G7 Cash Flow Statement

#### Note A to the cash flow statement

	2023/24 £'000	2022/23 £'000
Net Surplus or (Deficit) on the Provision of Services	(27,076)	(16,895)
<u>Adjust net surplus or deficit on the provision of services for non cash movements</u>		
Depreciation	16,447	14,340
Impairment and downward valuations	14,084	2,659
Amortisation	232	223
Impairment allowance on service loans	9	(55)
Adjustment for internal interest charged	247	109
Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	-	-
Adjustments for effective interest rates	(430)	(6)
Increase/Decrease in Interest Creditors	638	(49)
Increase/Decrease in Creditors	3,709	(7,809)
Increase/Decrease in Interest and Dividend Debtors	491	29
Increase/Decrease in Debtors	(6,739)	(1,404)
Increase/Decrease in Inventories	(2,332)	1,965
Pension Liability	(34)	24,041
Contributions to/(from) Provisions	(7,768)	1,624
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	867	2,264
Movement in investment property values	14,849	20,872
Other movements	747	1,103
Total adjustments on the provision of services for non cash movements	36,106	61,435
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>		
Capital Grants credited to surplus or deficit on the provision of services	(23,188)	(44,790)
Net adjustment from the sale of short and long term investments	-	-
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,018)	(3,269)
Total adjustments on the provision of services that are investing or financing activities	(24,206)	(48,059)
Tax Paid	(86)	
<b>Net Cash Flows from Operating Activities</b>	<b>(15,262)</b>	<b>(3,520)</b>

#### Note B to the Cash Flow Statement - Operating Activities (Interest)

	2023/24 £'000	2022/23 £'000
<b>Operating activities within the cash flow statement include the following cash flows relating to interest</b>		
Ordinary interest received	2,331	1,564
Other adjustments for differences between Effective Interest Rates and actual interest receivable-Long Term Debtors	-	-
Opening Debtor	268	118
Closing Debtor	223	(89)
<b>Interest Received</b>	<b>2,822</b>	<b>1,593</b>
Interest charge for year	(7,585)	(7,416)
Adjustment for difference between effective interest rates and actual interest payable	(431)	(6)
Adjustment for impairment loss on service loans	-	-
Adjustment for internal interest charged to balance sheet funds	248	109
Opening Creditor	(1,865)	(1,914)
Closing Creditor	2,503	1,865
<b>Interest Paid</b>	<b>(7,130)</b>	<b>(7,362)</b>

## NOTES TO GROUP FINANCIAL STATEMENTS

<b>Note C to the Cash Flow Statement - Cash Flows from Investing Activities</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Property, Plant and Equipment Purchased	(54,727)	(65,610)
Purchase of Investment Properties	(2,232)	(2,688)
Other Capital Payments	(61)	(151)
Opening Capital Creditors	(8,070)	(8,966)
Closing Capital Creditors	6,218	8,070
Purchase of Property, Plant and Equipment, investment property and intangible assets	<b>(58,872)</b>	<b>(69,345)</b>
Purchase of short term investments	(5,000)	(25,000)
Long term loans granted	(1,551)	(49)
Capital Grants Repaid	(904)	(2,200)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	1,285	3,362
Proceeds / (Purchase) from short term investments	10,000	45,000
Proceeds from long term investments	-	-
Other capital cash receipts	(752)	39
Capital Grants Received / (Repaid)	34,340	39,483
Other Receipts / (Payments) from Investing Activities	33,588	39,522
<b>Total Cash Flows from Investing Activities</b>	<b>(21,454)</b>	<b>(8,710)</b>
<b>Note D to the Cash Flow Statement - Cash Flows from Financing Activities</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Cash receipts of long term borrowing	53,740	-
Billing Authorities - Council Tax and NNDR adjustments	(7,274)	322
Precepting Authorities Only - Appropriation to/from Collection Fund Adjustment Account	-	-
Other receipts from Financing Activities	(848)	(1,169)
Repayment of Short-Term and Long-Term Borrowing	(13,886)	(7,933)
Payments for the reduction of a finance lease liability	-	-
<b>Total Cash Flows from Financing Activities</b>	<b>31,732</b>	<b>(8,780)</b>
<b>Note E - Makeup of Cash and Cash Equivalents</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Cash and Bank Balances	4,783	4,591
Cash Investments - regarded as cash equivalents	22,215	27,389
Bank Overdraft	-	-
	<b>26,998</b>	<b>31,980</b>



## PENSION FUND ACCOUNTS 2023/24

### Fund Account

For the Year Ended 31 March 2024

	Notes	2023/24 £'000	2022/23 £'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
Contributions Receivable	4	(251,239)	(202,854)
Transfers In		(14,320)	(15,070)
		(265,559)	(217,924)
Benefits Payable	5	229,436	197,821
Payments to and on account of Leavers	6	17,473	14,572
		246,909	212,393
<b>Net (additions) / withdrawals from dealings with member</b>		(18,650)	(5,531)
Management Expenses	7	25,718	25,338
<b>Net (additions)/withdrawals including fund management expenses</b>		7,068	19,807
<b>Returns on Investments</b>			
Investment Income	8	(68,383)	(61,908)
Profits and losses on disposal of investments and change in value of investments	9	(375,006)	474,883
<b>Net Returns on Investments</b>		(443,389)	412,975
<b>Net (Increase) / Decrease in the net assets available for benefits during the year</b>		(436,321)	432,782
<b>Opening Net Assets of the Fund</b>		5,389,210	5,821,992
<b>Closing Net Assets of the Fund</b>		5,825,531	5,389,210

### Net Assets Statement at 31 March 2024

	Notes	31 March 2024 £'000	%	31 March 2023 £'000	%
<b>INVESTMENT ASSETS</b>					
Property Pooled Investment vehicles		680,454	11.7	612,977	11.4
Non Property Pooled Investment Vehicles		4,950,627	85.0	4,624,767	85.8
Cash Deposits		162,500	2.8	113,597	2.1
Derivative Contracts (Foreign Exchange hedge) - Gross Asset	9 & 10	17,309	0.3	36,669	0.7
Derivative Contracts: FTSE Futures - Gross Asset	9	688	0.0	361	0.0
Long-Term Investments		722	0.0	707	0.0
Other Investment balances		7,428	0.1	12,732	0.2
Total Investment Assets		5,819,728		5,401,810	
Long-Term Investments		722	-	707	-
<b>INVESTMENT LIABILITIES</b>					
Derivative Contracts (Foreign Exchange hedge) - Gross Liability	9 & 10	(4,674)	(0.1)	(19,873)	(0.4)
Derivative Contracts: FTSE Futures - Gross Liability	9 & 10	-	-	-	-
Other Investment balances		(9)	(0.0)	(282)	(0.0)
Total Investment Liabilities		(4,683)		(20,155)	
<b>TOTAL NET INVESTMENT ASSETS</b>	10	5,815,045		5,381,655	
Long Term Debtors	12a	257	-	272	
<b>Net Current Assets</b>					
Current Assets	12	18,776	0.3	17,773	0.3
Current Liabilities	12	(8,547)	(0.1)	(10,490)	(0.2)
<b>Net assets of the scheme available to fund benefits at the period end</b>		5,825,531	100.0	5,389,210	100.0

An analysis of Non Property Pooled Investment Vehicles is included within note 10 to the accounts

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2024. The actuarial present value of these liabilities is disclosed in note 15.

**Notes to Accounts - Year Ended 31 March 2024**

**1 INTRODUCTION & STATEMENT OF ACCOUNTING POLICIES**

**1.1 Description of Fund**

The Fund is administered by Bath & North East Somerset Council under arrangements made following the abolition of the former Avon County Council on 31 March 1996.

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Membership of the Fund is open to pensionable employees of scheduled bodies in the former Avon County area, together with employees of eligible designating and admission bodies. A list of employers with contributing scheme members can be found in note 25.

Employers' contributions are payable at the rate specified for each employing authority by the Fund's actuary. The employees' contribution rate is payable in accordance with the Local Government Pension Scheme Regulations 2013 (as amended).

**Introduction to the Statement of Accounts**

1.2 This statement comprises the Statement of Accounts for the Avon Pension Fund (the Fund). The accounts cover the financial year from 1 April 2023 to 31 March 2024.

1.3 These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting ('Code of Practice') in the United Kingdom 2023/24 based on International Financial Reporting Standards as published by the Chartered Institute of Public Finance and Accountancy. The accounts have been prepared on an accruals basis, except for certain transfer values as described at 'Statement of Accounting Policies' – item 1.21 They do not take account of liabilities to pay pensions and other benefits in the future.

**1.4 Actuarial Valuations**

As required by the Local Government Pension Scheme Regulations 2013 (as amended) an actuarial valuation of the Fund was carried out as at 31 March 2022. The key elements of the funding policy are as follows:

- Ensure sufficient funds are available to meet all benefits as they fall due for payment
- Recover any shortfall in assets relative to the value of accrued liabilities over a reasonable timeframe
- Keep employer contributions as stable as possible and at reasonable cost whilst achieving and maintaining fund solvency, taking into account the risk appetite of the administering authority and scheme employers
- Maximise the return from investments within acceptable risk parameters

The market value of the Fund's assets at the valuation date was £5,822m. The Actuary estimated that the value of the Fund was sufficient to meet 96% of its expected future liabilities of £6,060m in respect of service completed to 31 March 2022, with a deficit of £238m.

1.5 At the 2022 valuation the average deficit recovery period for the Fund overall was set at 12 years.

1.6 The 2022 actuarial valuation was carried out using the projected unit actuarial method. The main assumptions used to set employers' contributions, are set out in the table below:

	<b>Past Service Liabilities (Primary Contribution Rate)</b>	<b>Future Service Liabilities (Secondary Contribution Rate)</b>
Rate of return on investments (discount rate)	5.1% per annum	4.60% per annum
Rate of pay increases (long term)	4.6% per annum	4.6% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	3.1% per annum	3.1% per annum

1.7 The 2022 triennial valuation was completed during 2022/23 using market prices and membership data as at 31 March 2022. This valuation set the employer contribution rates for future service and deficit recovery payments (expressed as a monetary amount payable annually) with effect from 1 April 2023. The discount rate used in the 2022 valuation is based on CPI plus a real investment return of 1.5% p.a. for past service (the secondary contribution rate) and CPI plus 2.0% p.a. for future service (the primary contribution rate). The discount rate for the lower risk investment strategy was 2.55% per annum.

1.8 The Actuary has estimated that the funding level is 98% as at 31 March 2024 based on the 2022 valuation assumptions. The funding level calculation of 98% is based on a CPI Plus Discount basis (which is a different approach from valuing liabilities as prescribed by IAS 26).

1.9 The 2022 valuation includes the estimated cost of McCloud Judgement, based on the proposed remedy. The estimated cost is an increase in the past service liabilities at the valuation date of £70m. This represents 1.2% of total past service liabilities and is included in the liability figure and secondary contribution rate stated above.

The McCloud Regulations became effective on 1 October 2023. The bulk of the estimated cost of the additional liabilities arising due to the McCloud remedy was already factored into the actuarial valuations at 31 March 2022 in line with guidance previously issued centrally. Whilst the allowance made will not reflect the final implemented position precisely, for most employers, it is expected to substantially cover the cost of the additional McCloud liabilities. Overall, the differences to come through at the 31 March 2025 valuations are not expected to be material, although individual employer impacts will vary.

## PENSION FUND ACCOUNTS 2023/24

- 1.10 **Note 15** to the accounts shows the actuarial present value of promised retirement benefits for the purposes of IAS26 using the assumptions and methodology of IAS 19. The discount rate referenced for IAS19 is the Corporate Bond yield. The discount rate used for the Actuarial Valuation references the Fund's investment strategy.
- 1.11 The Fund's Funding Strategy Statement can be found on the Fund's website [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk) (search Funding Strategy Statement) and is summarised within the Fund's Annual Report. The purpose of the Funding Strategy Statement is to set out a clear and transparent funding strategy that will identify how each employer's pension liabilities are to be met going forward.
- Investment Strategy Statement**
- 1.12 The Fund's Investment Strategy Statement (ISS) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 can be found on the Fund's website [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk) (search Investment Strategy Statement) and is summarised within the Fund's Annual Report. The ISS is updated following strategic reviews.
- 1.13 The Fund's assets are currently managed externally by investment managers appointed and monitored by the Fund. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require funds to pool their investments assets. The Fund is a member of Brunel Pension Partnership which has established an FCA regulated company, Brunel Pension Partnership Limited (Brunel), to manage the assets of the pool. Each of the 10 LGPS funds in the pool is a shareholder owning an equal share of the company.
- All the Fund's listed and liquid assets have transferred to Brunel with only illiquid legacy mandates and the local impact portfolio being directly managed by the Fund. For the assets that have transferred, Brunel is responsible for appointing and monitoring managers and other investment related operational aspects of the Fund.
- 1.14 The Fund has implemented three investment strategies to manage specific risks within the asset portfolio. These strategies are held within a Qualified Investment Fund (QIF) called Risk Management Strategy managed by Blackrock.
- (i) A Liability Driven Investment strategy provides a hedge against changes in the value of the pension liabilities within the asset portfolio. This strategy consists of bonds and derivatives such as gilt repurchase agreements and interest and inflation swaps, structured to achieve the desired hedge profile.
- (ii) An Equity Protection Strategy to protect the funding position against significant falls in equity markets. The strategy uses Over the Counter Equity Option Index Swaps.
- (iii) A Low Risk Investment Strategy where the assets (mainly corporate bonds) better match the liability profile of the employers within the strategy. These employers include those that have exited the Fund and those that have chosen a less risky investment strategy to explicitly manage investment risk.

### Statement of Accounting Policies

#### Basis of Preparation

- 1.15 Except where otherwise stated, the accounts have been prepared on an accruals basis, i.e. income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The accounts have been prepared on a going concern basis.

#### Investments

- 1.16 Investments are shown in the accounts at fair value, which has been determined as follows:
- i) Quoted Securities have been valued at 31 March 2024 by the Fund's custodian using the market bid-price or 'last trade' on the final day of the accounting period.
  - ii) Unquoted investments. The fair value of investments for which market prices are not readily available is determined as follows:
    - pooled vehicles for property, unitised insurance policies and other managed funds are valued at the net asset value advised by the investment manager
    - Limited partnerships. Fair value is based on the net asset value ascertained from periodic valuations provided by the partnership
    - Pooled investment vehicles are valued at the closing bid price where bid and offer prices are published; or if a single net asset value, at the closing single price.Where audited valuations are not available at the accounting date, unaudited valuations as at 31 March 2024 or audited valuations lagged by a quarter adjusted for known cash flows are used.  
All valuations are subject to the custodian's and fund managers internal controls. Valuations are also subject to an external audit.
  - iii) Fixed interest securities are recorded at net market value based on their current yields and exclude interest earned but not paid over at the year end, which is included separately within investment debtors.
  - iv) Foreign currency transactions are recorded at the prevailing spot rate at the date of transaction. Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates ruling as at 31 March 2024.
  - v) Derivative contracts are included in the Net Asset Statement at their fair market value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract. The amounts included in the change in market value are the realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.
  - vi) Forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. Foreign currency transactions are recorded at the prevailing rate at the date of transaction.
  - vii) The only Long Term Investment is shares in Brunel Pension Partnership Ltd. Its fair value is based on the value of equity in Brunel Pension Partnership Ltd accounts.
  - viii) Acquisition costs of investments (e.g. stamp duty and commissions) are treated as part of the investment cost.
  - ix) Investment debtors and creditors at the year-end are included in investment assets in accordance with the CIPFA code of practice on local authority accounting.
  - x) The Fund's surplus cash is managed separately from the surplus cash of Bath and North East Somerset Council (B&NES) and is treated as an investment asset.

## PENSION FUND ACCOUNTS 2023/24

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### Contributions

- 1.17 Contributions represent those amounts receivable from the employing bodies in respect of their own and their pensionable employees' contributions. Employers' contributions are determined by the Actuary on the basis of triennial valuations of the Fund's assets and liabilities and take into account the Funding Strategy Statement set by the administering authority. The rates applying in 2023/24 relate to the 2022 valuation and the employer contribution rates range from 12.5% to 41.1%. Employees' contributions have been included at the rates prescribed by the Local Government Pension Scheme Regulations 2013 (as amended). The employee contribution rates range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. The deficit contribution is expressed as a cash sum, and ranges from £0 to £13.9 millions.
- 1.18 Normal contributions both from members and the employer are accounted for on an accruals basis in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

### Benefits, Refunds of Contributions and Cash Transfer Values

- 1.19 From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up-rated annually in line with the Consumer Prices Index.
- 1.20 Benefits payable and refunds of contributions have been brought into the accounts as they fall due.
- 1.21 Cash Transfer Values are those sums paid to or received from other pension schemes and relate to previous periods of pensionable employment. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. Accruals are only made when it is certain that a transfer is to take place.
- 1.22 Charges for splitting pensions on divorce are either invoiced to members or, on request, paid out of future benefits. In the case of payment from future benefits the charge against benefits and income to the Fund are both made in the current year. The charges are index linked to pension's increases to ensure that the Fund receives the full value.

### Investment Income

- 1.23 Dividends and interest have been accounted for on an accruals basis, based on figures provided by the custodian. Some of the income on pooled investments is accumulated and reflected in the valuation of the units and some (mainly property) is distributed.

### Investment Management & Administration

- 1.24 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 permit Bath & North East Somerset Council to charge administration costs to the Fund. A proportion of relevant Council costs has been charged to the Fund on the basis of time spent on Pension Fund business.
- 1.25 The fees charged by the Fund's external investment managers reflect their differing mandates. Fees are linked to the market value of the Fund's investments and therefore may increase or reduce as the value of the assets change. Management fees are recognised in the year in which the management services are provided. A provision has been made for performance fees that have been incurred but are subject to phased payments or are not to be paid until the realisation of the related investments. These remain subject to change as a consequence of future performance. Fees are also payable to the Fund's global custodian and other advisors.

### Taxation

- 1.26 The Fund is not liable to UK income tax, on income derived from investments, under Section 186 of the Finance Act 2004, nor is it liable to capital gains tax under section 271 Taxation of Chargeable Gains Act 1992. As Bath & North East Somerset Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. For taxation of overseas investment income please see note 3 iv. in the Notes to the Accounts.

## PENSION FUND ACCOUNTS 2023/24

### Assumptions made about the future and other major sources of estimation uncertainty

- 1.27 The Statement of Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be materially different from the assumptions and estimates. Estimates are used in the valuation of unquoted investments and in the actuarial valuation for the purposes of IAS 26 (note 15) in which the actuarial calculation of the liability is subject to the professional judgement of the Scheme Actuary. The Fund's investments are stated at fair value. The subjectivity of the inputs used in making an assessment of fair value is explained in note 24.

The items in the financial statements for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Unlisted Assets	The Hedge Fund (£17m), Infrastructure (£675m), Private Debt (£203m) and closed-ended Property Funds (£123m) investments are not publicly listed and as such there is a degree of estimation involved in their valuation. Where possible the valuation techniques use observable or transaction based inputs; however there is reliance on non-observable inputs which increases the degree of uncertainty.	A +/-10% change in the valuations of the Property Limited Partnerships, Hedge Fund and Infrastructure assets included in the accounts for these portfolios would result in an increase or reduction of +/- £102m in total Fund assets. Note 24 shows the sensitivity of these assets to changes in value in more detail.
Actuarial present value of promised retirement benefits (Note 15)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercer, a firm of consulting actuaries, is engaged to provide the authority with expert advice about the assumptions to be applied. The estimated total value of the Fund's promised retirement benefits as at 31 March 2024 is £6,296 million.	The effects on the actuarial present value of promised retirement benefits (the Fund's liabilities) of changes in individual assumptions can be measured. For instance, based on the 2022 actuarial valuation results: <ul style="list-style-type: none"> <li>a 0.25% per annum reduction in the real investment return assumption would increase deficit by £261m (to £499m)</li> <li>a 0.25% per annum increase in the assumed pensionable salary growth would increase the deficit by £32m (to £270m)</li> <li>a 0.25% per annum increase in the long term improvement rate in life expectancy would increase the deficit by £45m (to £283m)</li> </ul>

### Events After the Balance Sheet Date

- 1.28 The Statement of Accounts is adjusted to reflect events that occur after the end of the reporting period that provide evidence of conditions that existed at the end of the reporting period, should they occur. The Statement of Accounts is not adjusted to reflect events that are indicative of conditions that arose after the reporting period, but where material, disclosure is made in the notes of the nature and estimated financial effect of such events.

### Financial Instruments

- 1.29 Financial Assets and Liabilities are recognised on the Balance Sheet when the Fund becomes a party to the contractual provisions of a financial instrument and are measured at fair value or amortised cost.

### Going Concern

- 1.30 These accounts have been prepared on a going concern basis. The concept of going concern assumes that the Pension Fund will continue in operation for the foreseeable future.

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

- 1.31 IFRS 16 Lease Accounting will apply to CIPFA Accounts for the financial year 24/25 onwards. However, both the 2022/23 and the 2023/24 Codes will allow for adoption should an authority consider that it is able to do so as of 1 April 2022 or 2023. The Fund does not have embedded finance leases or service concessions in its contracts and so this standard will not have any impact on the Accounts.

### Critical Judgements in Applying Accounting Policies

- 1.32 It has not been necessary to make any material critical judgements in applying accounting policies about complex transactions or those involving estimation uncertainty about future events during 2023/24.

## PENSION FUND ACCOUNTS 2023/24

### 2 MEMBERSHIP

Membership of the Fund at the year-end was as follows:-

	31 March 2024	31 March 2023
Employed Members	41,642	40,290
Pensioners	39,605	38,796
Members entitled to Deferred Benefits	44,653	44,058
Undecided Leavers	14,147	11,531
<b>TOTAL</b>	<b>140,047</b>	<b>134,675</b>

### 3 TAXATION

(i) **Value Added Tax**

The Fund's administering authority Bath & North East Somerset Council is reimbursed VAT by HM Revenue and Customs and the accounts are shown exclusive of VAT.

(ii) **Income Tax**

The Fund is a wholly exempt fund and some UK income tax is recoverable from HM Revenue and Customs. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax.

(iii) **Capital Gains Tax**

No capital gains tax is chargeable.

(iv) **Taxation of Overseas Investment Income**

Where the Fund receives interest on overseas government interest bonds portfolios which is gross, a variety of arrangements apply to the taxation of interest on corporate bonds and dividends on overseas equities.

### 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable are analysed below:-

	2023/24 £'000	2022/23 £'000
<b>Employers' normal contributions</b>		
Scheduled Bodies	134,202	117,529
Administering Authority	15,272	12,780
Admission Bodies	7,715	7,380
	<u>157,189</u>	<u>137,689</u>
<b>Employers' deficit Funding</b>		
Scheduled Bodies	30,846	12,052
Administering Authority	1,585	-
Admission Bodies	5,528	742
	<u>37,959</u>	<u>12,794</u>
<b>Total Employer's normal &amp; deficit funding</b>	<b>195,148</b>	<b>150,483</b>
<b>Employers' contributions - Augmentation</b>		
Scheduled Bodies	950	1,000
Administering Authority	115	1
Admission Bodies	6	84
	<u>1,071</u>	<u>1,085</u>
<b>Members' normal contributions</b>		
Scheduled Bodies	46,906	43,531
Administering Authority	5,494	4,923
Admission Bodies	2,141	2,235
	<u>54,541</u>	<u>50,689</u>
<b>Members' contributions toward additional benefits</b>		
Scheduled Bodies	407	508
Administering Authority	62	82
Admission Bodies	10	7
	<u>479</u>	<u>597</u>
<b>Total</b>	<b>251,239</b>	<b>202,854</b>

The increase in Employers' contributions between 2022/23 and 2023/24 is partly due to employers paying their deficits three years in advance. The increase can also be attributed to an increase in contributions as a result of an overall increase in the primary contribution rate from 17.2% to 18.6% as a result of the 2022 valuation.

The Members' contributions towards additional benefits above represent members' purchase of added years or additional benefits under the Scheme. Augmentation contributions are paid by employers to meet the cost of early retirements.

A further facility is provided whereby members can make Additional Voluntary Contributions, on a money purchase basis, which are invested in insurance policies with Legal & General, Utmost Life & Pensions or Aviva on behalf of the individual members concerned. These contributions are not part of the Pension Fund and are not therefore reflected in the Fund's accounts. A statement of the value of these investments is given in note 18.

## PENSION FUND ACCOUNTS 2023/24

### 5 BENEFITS PAYABLE

#### Analysis of Gross Benefits Payable by Type:-

	2023/24 £'000	2022/23 £'000
Retirement Pensions	189,839	168,770
Commutation of Pensions and Lump Sum Retirement Benefits	34,485	25,402
Lump Sum Death Benefits	5,112	3,649
	<u>229,436</u>	<u>197,821</u>

#### Analysis of Gross Benefits Payable by Employing Body:-

	2023/24 £'000	2022/23 £'000
Scheduled & Designating Bodies	184,380	161,405
Administering Authority	25,538	19,967
Admission Bodies	19,518	16,449
	<u>229,436</u>	<u>197,821</u>

### 6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

#### Leavers

	2023/24 £'000	2023/24 £'000
Refunds to members leaving service	618	978
Individual Cash Transfer Values to other schemes	16,855	13,594
Group Transfers	-	-
	<u>17,473</u>	<u>14,572</u>

A group transfer took place between Offender Learning Services and Milton Keynes College (Buckinghamshire) on 1st April 2023. The value of the transfer will be established in 2024/25.

## PENSION FUND ACCOUNTS 2023/24

### 7 MANAGEMENT EXPENSES

Costs incurred in the management and administration of the Fund are set out below.

	2023/24 £'000	2022/23 £'000
Administrative Costs	3,973	3,227
Oversight & Governance Costs	2,504	2,405
Investment Management Expenses	19,241	19,706
	<u>25,718</u>	<u>25,338</u>

#### Further Analysis of Management Expenses:-

<b>Administrative Costs</b>		
Management Costs	2,696	2,144
Administration and Processing	1,102	891
Service from Administrating Body	466	508
Fees and Income	(291)	(316)
	<u>3,973</u>	<u>3,227</u>
<b>Oversight &amp; Governance Costs</b>		
Management costs	1,068	872
Specialist advice and Governance	1,651	1,650
Actuarial recharges	(327)	(177)
Audit Fees	112	60
	<u>2,504</u>	<u>2,405</u>
<b>Investment Management Expenses (Note 7a)</b>	<b>19,241</b>	<b>19,706</b>
	<u>25,718</u>	<u>25,338</u>

Management costs in Oversight & Governance Costs include investments, actuarial and accounting staff costs. Audit fees include: the £0.095m external audit fee (2022/23 £0.041m), £0.009m scale fee variation for 22/23 and £0.008m scale fee variation for 23/24 (ISA 315). Internal audit costs are included within Specialist advice and Governance.

### 7a INVESTMENTS MANAGEMENT EXPENSES

2023/24	Total	Management Fees	Performance related fees	Transaction costs
	£'000	£'000	£'000	£'000
Equity	-	-	-	-
Pooled Property	2,013	2,209	(196)	-
Private Infrastructure	3,260	3,260	-	-
Derivatives	430	430	-	-
Pooled Investments *	13,493	12,210	1,271	12
	<u>19,196</u>	<u>18,109</u>	<u>1,075</u>	<u>12</u>
Custody Fees	45			
Total	<u>19,241</u>			
2022/23	Total	Management Fees	Performance related fees	Transaction costs
	£'000	£'000	£'000	£'000
Equity	-	-	-	-
Pooled Property	(1,475)	2,663	(4,138)	-
Private Infrastructure	3,165	3,165	-	-
Derivatives	432	429	-	3
Pooled Investments *	17,529	12,216	5,182	131
	<u>19,651</u>	<u>18,473</u>	<u>1,044</u>	<u>134</u>
Custody Fees	55			
Total	<u>19,706</u>			

\* Included within Pooled Investments is £1.645m (£1.514m in 22/23) paid to Brunel Pension Partnership for core investment services.

Fund Manager Performance Fees include fees that have been accrued but are subject to phased payment or not due to be paid until the realisation of the related assets. Unpaid fees remain subject to variation as a result of future performance. Total fund manager fees include management charges for pooled investments that are settled directly within the pooled vehicles in accordance with the investment management agreement.

The performance fees included in 22/23 represent a decrease in the provision for pooled property of £0.137m and a rebate received in year of £0.059m. For Pooled investments there is a payment in year of £3.302m and decrease in provision of £1.990m. The current total provision for performance fees is included in note 12 Current Asset and Liabilities.

Of the £19.2m of investment management fees, £12.8m relates to the fees paid to the underlying managers of the portfolios managed by Brunel. Fees were relatively stable year on year, partially due to the switch from active to lower cost passive equities which offset the impact of rising asset values on fees.



## PENSION FUND ACCOUNTS 2023/24

### 8 INVESTMENT INCOME

	2023/24 £'000	2022/23 £'000
Dividends from equities	30	45
Income from pooled Property Investments	13,560	20,037
Income from other pooled investment vehicles	47,170	38,626
Interest on cash deposits	7,623	3,200
Other Income	-	-
<b>TOTAL</b>	<b>68,383</b>	<b>61,908</b>

Brunel operates a securities lending programme for its clients for select portfolios with their custodian, where eligible securities are lent to third parties in exchange for fees paid. The third parties provide collateral which is held for the duration of the loan(s). The income from this programme is not distributed but accumulates within the relevant Brunel pooled fund. At the year end based on its holding in the Brunel Global High Alpha Portfolio, the Fund had £10.2m stock on loan, secured by collateral of £10.8m. During the year the Fund's share of stock lending income in this portfolio was £0.04m. The Fund does not operate a securities lending programme outside of the Brunel portfolios.

### 9 CHANGE IN TOTAL NET ASSETS

Change in Market Value of Investments	Value at 31/03/23 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31/03/24 £'000
Bonds					-
Equities					-
Long Term Investments	707	-	-	15	722
Pooled Investments-					
- Property	612,977	161,088	(29,147)	(64,464)	680,454
- Non Property	4,624,767	720,480	(790,801)	396,181	4,950,627
Derivatives					
- Foreign Exchange Hedge	16,796	36,526	(78,937)	38,250	12,635
- FTSE Futures	361	499	(1,503)	1,331	688
<b>Sub Total</b>	<b>5,255,608</b>	<b>918,593</b>	<b>(900,388)</b>	<b>371,313</b>	<b>5,645,126</b>
Other Investment Balances:					
- Cash Deposits	113,597				162,500
- Amount receivable for sales	11,888				6,333
- Payable for purchases	(282)				(9)
- Investment Debtors & Creditors	844				1,095
<b>Total Investment Assets</b>	<b>5,381,655</b>			<b>371,313</b>	<b>5,815,045</b>

#### Reconciliation to Fund Account:

	£'000
Change in market value of Investment Assets	371,313
Net Purchases & Sales	18,205
Movement in other Investment Balances	43,872
Movement in Long Term Debtors	(15)
Movement in Current Assets	2,946
Less Net Revenue of Fund	(61,315)
<b>Profits and losses on disposal of investments and change in value of investments</b>	<b>375,006</b>

The **Change in Market Value** of investments comprises all gains and losses on Fund investments during the year, whether realised or unrealised.

The **Change in Market Value** for cash deposits represents net gains on foreign currency deposits and foreign exchange transactions during the year.

**Derivatives.** The purchases and sales of derivatives are shown at the values of the realised profits and losses of the net derivatives transactions.

The Net Revenue of Fund equals the Net Withdrawals / additions including fund management expenses (£7.068m) plus Investment income (£-68.383m) as shown in the Fund account.

## PENSION FUND ACCOUNTS 2023/24

### Change in Total Net Assets 2022/23

Change in Market Value of Investments	Value at 31/03/22 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31/03/23 £'000
Bonds					-
Equities					-
Long Term Investments	838	-	-	(131)	707
Pooled Investments-					
- Property	708,665	259,921	(219,974)	(135,635)	612,977
- Non Property	4,954,039	774,915	(844,624)	(259,563)	4,624,767
Derivatives					
- Foreign Exchange Hedge	(31,203)	181,033	(69,921)	(63,113)	16,796
- FTSE Futures	676	2,111	(5,993)	3,567	361
<b>Sub Total</b>	<b>5,633,015</b>	<b>1,217,980</b>	<b>(1,140,512)</b>	<b>(454,875)</b>	<b>5,255,608</b>
Other Investment Balances:					
- Cash Deposits	170,915				113,597
- Amount receivable for sales	97,069				11,888
- Payable for purchases	(74,787)				(282)
- Investment Debtors & Creditors	1,409				844
<b>Total Investment Assets</b>	<b>5,827,621</b>			<b>(454,875)</b>	<b>5,381,655</b>

### Reconciliation to Fund Account:

	£'000
Change in market value of Investment Assets	(454,875)
Net Purchases & Sales	77,468
Movement in other Investment Balances	(68,559)
Movement in Long Term Debtors	54
Movement in Current Assets	13,130
Less Net Revenue of Fund	(42,101)
<b>Total Net Assets</b>	<b>(474,883)</b>

## 10 INVESTMENT ASSETS

Further analysis of the market value of investments as set out in the Net Assets Statement is given below:-

	31 March 2024 £'000	31 March 2023 £'000
<b>Non-Property Pooled Investment Vehicles</b>		
Global Equity	1,818,719	1,897,256
Risk Management Strategy	1,522,335	1,300,555
Diversified Growth Funds	373,169	336,583
Infrastructure	674,975	633,970
Multi Asset Credit	340,487	304,609
Hedge Funds	17,575	22,891
Private Debt	203,367	128,903
	<u>4,950,627</u>	<u>4,624,767</u>
<b>Other Investments</b>		
Pooled Property Investments	680,454	612,977
Derivative contracts		
• Foreign Exchange Hedge	17,309	36,669
• Derivative contracts: FTSE Futures	688	361
	<u>698,451</u>	<u>650,007</u>
Cash deposits	162,500	113,597
Investment Income due	1,095	844
Amounts receivable for sales	6,333	11,888
<b>Total Investment Assets</b>	<u><b>5,819,006</b></u>	<u><b>5,401,103</b></u>
<b>Long Term Investments</b>		
Equities	<u>722</u>	<u>707</u>
<b>Investment Liabilities</b>		
Derivative contracts		
• Foreign Exchange Hedge	(4,674)	(19,873)
• Derivative contracts: FTSE Futures	-	-
Amounts payable for purchases	(9)	(282)
<b>Total Investment Liabilities</b>	<u>(4,683)</u>	<u>(20,155)</u>
<b>Total Net Investments</b>	<u><b>5,815,045</b></u>	<u><b>5,381,655</b></u>

During the year there were large transitions within the equity portfolio to achieve the strategic active/passive equity split. £200m was transferred from the Brunel passive Paris-aligned equity portfolio into the BlackRock Risk Management vehicle to facilitate further interest rate hedging. The Fund rebalanced its core infrastructure and equity portfolios to address overweight positions arising from strong returns. Proceeds were used to fund private markets calls arising from the Brunel portfolios. £35m was invested in the Fund's local impact portfolio to finance the acquisition of an operational solar portfolio. Towards the end of the year the Fund reduced its equity hedge by 50%, releasing cash into the portfolio.

The Long term investment of £0.722m represents Avon Pension Fund's share of the Brunel Pension Partnership. This share represents 10% of the Total Equity, as per Brunel's Statement of Financial Position, as at 30th September 2023.

## PENSION FUND ACCOUNTS 2023/24

### DERIVATIVES ANALYSIS

#### Open Forward Currency Contracts

Settlement	Currency Bought		Currency Sold		Asset Value £'000	Liability Value £'000
	Local Value 000		Local Value 000			
Up to one month	EUR	43,478	GBP	37,980	-	(53)
Up to one month	JPY	2,769,700	GBP	14,606	-	(68)
Up to one month	USD	127,476	GBP	101,456	7	(567)
Up to one month	GBP	15,573	JPY	2,769,700	1,035	-
Up to one month	GBP	37,980	EUR	43,478	774	(0)
Up to one month	GBP	102,268	USD	127,476	1,430	(59)
One to six months	EUR	17,614	GBP	15,172	0	(62)
One to six months	JPY	100,300	GBP	558	-	(29)
One to six months	USD	71,717	GBP	58,186	37	(1,489)
One to six months	GBP	175,389	EUR	201,434	2,449	-
One to six months	GBP	73,741	JPY	13,284,300	3,064	-
One to six months	GBP	479,099	USD	603,127	3,115	(1,134)
Six to twelve months	GBP	31,686	EUR	36,764	5	-
Six to twelve months	GBP	14,225	JPY	2,636,800	16	-
Six to twelve months	GBP	523,958	USD	657,721	5,140	(855)
Six to twelve months	USD	20,029	GBP	16,148	42	(358)
Six to twelve months	EUR	-	GBP	-	-	-
Six to twelve months	JPY	-	GBP	-	-	-
More than twelve months	GBP	84,108	USD	106,282	194	-
<b>Total</b>					<b>17,309</b>	<b>(4,674)</b>
<b>Net forward currency contracts at 31st March 2024</b>						<b>12,635</b>
Open forward currency contracts at 31 March 2023					36,668	(19,872)
<b>Net forward currency contracts at 31st March 2023</b>						<b>16,796</b>

#### Exchange Traded Derivatives held at 31 March 2024:-

Contract Type	Expiration	Book Cost	Unrealised Gain / (Loss)
		£'000	£'000
FTSE equity futures	June 2024	33,629	688
<b>Exchange Traded Derivatives held at 31 March 2023:-</b>			
FTSE equity futures	June 2023	8,785	361

The UK Equity futures contracts are held to facilitate efficient portfolio management for a passively managed investment where the costs of investing directly in UK equities would be significant.

Forward "over the counter" foreign exchange contracts are held to reduce the impact of fluctuations in the exchange rate between sterling and the other currency.

Forward "over the counter" foreign exchange contracts are held to reduce the impact of fluctuations in the exchange rate between sterling and the other currency.

## PENSION FUND ACCOUNTS 2023/24

### Investment Assets by Manager

The proportion of the market value of investment assets managed by each external manager and in house Treasury Management at the end of the financial year was:-

	31 March 2024		31 March 2023	
	£'000	%	£'000	%
<b>Investments managed by Brunel Pension Partnership:</b>				
BlackRock Risk Management Strategy	1,522,352	26.2	1,300,563	24.2
Brunel Renewables Portfolio	206,889	3.6	163,699	3.0
Brunel Secured Income Portfolio	600,319	10.3	435,092	8.1
Brunel Multi Asset Credit	340,487	5.9	304,609	5.7
Brunel Global Sustainable Equity	666,871	11.5	792,532	14.7
Brunel Paris Aligned Developed Equity	427,700	7.4	278,856	5.2
Brunel Diversified Returns Fund	373,169	6.4	336,583	6.3
Brunel UK Property	178,154	3.1	180,700	3.4
Brunel Global High Alpha Equity	720,796	12.4	698,860	13.0
Brunel Private Debt	203,367	3.5	128,903	2.4
Avon Transition Fund	5	0.0	5	0.0
	<b>5,240,109</b>	<b>90.1</b>	<b>4,620,402</b>	<b>85.9</b>
<b>Investments managed outside Brunel Pension Partnership:</b>				
Blackrock	3,354	0.1	127,088	2.4
Record	46,603	0.8	25,681	0.5
Partners Group	104,225	1.8	158,745	2.9
TT International	311	0.0	314	0.0
IFM Investors	228,645	3.9	313,207	5.8
Schroder Investment Management	13,750	0.2	13,473	0.3
Avon Local Impact Fund	35,085	0.6	-	-
JP Morgan	23,907	0.4	34,779	0.6
Custodian Cash	87,300	1.5	65,328	1.2
Long Term Investment	722	0.0	707	0.0
Treasury Management	31,034	0.5	21,931	0.4
	<b>574,936</b>	<b>9.9</b>	<b>761,253</b>	<b>14.1</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>5,815,045</b>	<b>100.0</b>	<b>5,381,655</b>	<b>100.0</b>

### 11 SINGLE INVESTMENTS OVER 5% OF THE FUND

The following investments represent more than 5% of the net assets of the fund.

Investments	Value at 31st March 2024		Value at 31st March 2023	
	£'000	% of Net Asset	£'000	% of Net Asset
Blackrock Liability SOL Mutual Fund	1,522,352	26.13%	1,300,563	24.13%
Brunel Global High Alpha Equity Fund	720,796	12.37%	698,860	12.97%
Brunel Global Sustainable Equity	666,871	11.45%	792,531	14.71%
Brunel Paris Aligned Developed Equity	427,700	7.34%	278,856	5.17%
Brunel Diversified Returns Fund	373,169	6.41%	336,583	6.25%
IMF Global Infrastructure (UK)*	228,645	3.92%	313,207	5.81%

\* Included as comparative to single investment over 5% of the Fund in 22/23

## PENSION FUND ACCOUNTS 2023/24

### 12 CURRENT ASSETS AND CURRENT LIABILITIES

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2024. Debtors and creditors included in the accounts are analysed below:-

	31 March 2024 £'000		31 March 2023 £'000	
<b>CURRENT ASSETS</b>				
Contributions Receivable				
- Employers	12,970		11,438	
- Members	4,462		4,214	
Discretionary Early Retirement Costs	81		489	
Other Debtors	1,263	<u>18,776</u>	1,632	<u>17,773</u>
<b>CURRENT LIABILITIES</b>				
Management Fees	(468)		(1,169)	
Provision for Performance Fees	(1,968)		(4,136)	
Lump Sum Retirement Benefits	(2,866)		(2,228)	
Contributions received in advance	-		-	
Other Creditors	(3,245)	<u>(8,547)</u>	(2,957)	<u>(10,490)</u>
<b>NET CURRENT ASSETS</b>		<u>10,229</u>		<u>7,283</u>

The provision for Performance Fees includes fees that have been incurred but are subject to phased payment or not due to be paid until the realisation of the related assets. They remain subject to variation as a result of future performance.

### 12a LONG TERM DEBTORS

Provision has been made in the accounts for long term debtors known to be outstanding at 31 March 2024.

	31 March 2024 £'000		31 March 2023 £'000	
Reimbursement of lifetime tax allowances	257	<u>257</u>	272	<u>272</u>

The Lifetime tax allowance was introduced in 2006. It limits the amount of pension that can be paid without an extra charge. Responsibility for payment rests with the pensioner. Avon Pension Fund offer to pay the tax upfront and are reimbursed from pension deductions over time. This creates a long term debtor in the accounts. The LTA has been removed wef 6/4/23 and will be abolished altogether from 6/4/24.

### 13 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2024. (31 March 2023 £Nil)

### 14 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2024 that require any adjustment to these accounts.

## PENSION FUND ACCOUNTS 2023/24

### 15 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSE OF IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31st March 2024	31st March 2023
Rate of return on investments (discount rate)	4.9% per annum	4.8% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases*	4.2% per annum*	4.2% per annum*
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

\*An adjustment has been made for the short term pay restraint in line with the 2022 actuarial valuation

The demographic assumptions are the same as those used for funding purpose for the 2022 actuarial valuation, with a long-term rate of life expectancy improvement of 1.5% p.a. For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

	Liabilities
Start of period	£6,160m
Interest	£291m
Net benefits accrued/paid over the period*	(£24m)
Actuarial losses / (gains) - see below	(£131m)
End of period	£6,296m

\*this includes any increase in liabilities arising as a result of early retirements, plus a small allowance for historic pension increases.

Key factors leading to actuarial gains above year are:

- Change in financial assumptions: Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- Change in demographic assumptions: As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- Pension increases / recent high short-term inflation: The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As current inflation is higher than the long-term assumption, this increases the liabilities. The figures also allow for a small increase due to historic pension increases, which lead to a very small increase in liabilities.

### 15a VALUE OF PROMISED RETIREMENT LIABILITIES

	31 March 2024	31 March 2023
	£m	£m
Value of Net Assets per NAS	5,826	5,389
Present Value of promised retirement benefits	(6,296)	(6,160)
IAS 26 Surplus/(Deficit) in the Fund	(470)	(771)

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022

### 16 TRANSFERS IN

During the year there were no group transfers into the fund.

### 17 AGENCY SERVICES

The Fund makes payments with regard to added year benefits awarded by the Employer to Local Government Pension Scheme members, including related pension increases. The Fund also pays a small number of other pension supplements. These are not funded by the Fund and are recharged in full. They are not included in the Fund Account.

	2023/24	2022/23
	£'000	£'000
Benefits Paid and Recharged	5,797	5,497

The Fund also administered £25.5m pension payments on behalf of the Fire Service and the Teachers' pension schemes. (£30.9m in 2022/23). They are not included in the Fund Account. The Fire Service and Teachers' employers also pay for the cost of providing this service. On 1st February 2024 administration of the Fire Service was transferred to West Yorkshire Pension Fund.

### 18 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested in insurance policies. From January 2023 the main provider moved from Aviva to Legal & General. There are members still with Aviva or Utmost Life & Pensions due to their type of investments, however.

The total value of the assets invested and contributions paid, on a money purchase basis, with these AVC providers was:-

	Contributions Paid	Market Value	Contributions Paid	Market Value
	2023/24	31 March 2024	2022/23	31 March 2023
	£'000	£'000	£'000	£'000
Legal & General	925	5,596	136	4,787
Aviva	-	185	549	445
Utmost Life & Pensions	-	15	-	77
	925	5,796	685	5,309

AVC contributions are not included in the Fund's financial statements as they do not come under the requirements of Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 regarding regulation 69(1)(a) of the Local Government Pension Scheme Regulations 2013.

## PENSION FUND ACCOUNTS 2023/24

### 19 RELATED PARTIES

#### Committee Member Related:-

In 2023/24 £39,745 was charged to the Fund in respect of Allowances paid to the voting Members of the Avon Pension Fund Committee (£36,922 in 2022/23). Five voting members and one non-voting member of the Avon Pension Fund Committee (including one B&NES Councillor Members) were members of the Local Government Pension Scheme during the financial year 2023/2024. (Seven voting members and one non-voting member in 2022/2023, including two B&NES Councillor Members).

#### Independent Member Related:-

Three Independent Members were paid allowances of £10,967, £18,946 and £12,762 respectively during the year for their work in relation to the Pension Fund Committee and the Investment Panel. All three Members were paid in respect of the full year. They are entitled to claim reasonable expenses which are included in the above allowances. The Independent Members are not eligible to join the Local Government Pension Scheme.

#### Employer Related:-

During the year 2023/24 the Fund paid B&NES Council £532,108 for administrative services (£536,575 in 2022/23). Various Employers paid the Fund a total of £267,116 for pension related services including pension's payroll and compiling data for submission to the actuary (£224,911 in 2022/23).

#### Pension Board Related:-

In 2023/24 £8,488 was charged to the Fund in respect of Allowances and expenses paid to the Members of the Pension Board (£7,714 in 2022/23). Five members of the Pension Board were members of the LGPS during 2023/2024 (six members in 2022/2023).

#### Brunel Pension Partnership Limited

Brunel Pensions Partnership Limited (BPP Ltd. Company number 10429110) was formed on the 14th October 2016 and will oversee the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire Funds.

Each of the 10 administering authorities, including Bath & North East Somerset Council own 10% of BPP Ltd. In 2023/24 the Pension Fund paid BPP £1,645,376 (2022/23 £1,513,855).

As part of our investment in BPP Ltd. we provided regulatory capital. This will be subject to regular review by the regulator that could result in additional calls for capital.

### 20 KEY MANAGEMENT REMUNERATION

The key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund, including the oversight of these activities. The key management personnel of the Fund are the Head of Pensions and the Director of One West & Avon Pension Fund. It does not include the Executive Director - Resources (S151).

	31 March 2024 £'000	31 March 2023 £'000
Proportion of salary Recharged to Avon Pension Fund	131	87
Proportion of employers contributions recharged to Avon Pension Fund	29	19
	160	106

The Head of Business Finance & Pensions charged approximately 50% of their time to the fund. The post was replaced by the Head of Pensions, in October 2022, who now charges 100% of their time to the fund.

### 21 OUTSTANDING COMMITMENTS

As at 31 March 2024 the Fund had outstanding commitments relating to investments in Property, Infrastructure, Secured Income and Private Debt funds that will be drawn down in tranches by the Investment Managers totalling £453.3m (31 March 2023 £772.0m)

## PENSION FUND ACCOUNTS 2023/24

### 22 FINANCIAL INSTRUMENTS

The net assets of the Fund are made up of the following categories of Financial Instruments:

	Fair Value through Profit and Loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
<b>2023/24</b>			
<b>Financial Assets</b>			
Long Term Investments	722	-	-
Pooled Investments (Non-Property)	4,950,627	-	-
Pooled Property Investments	680,454	-	-
Derivative Contracts Futures	688	-	-
Derivative Contracts FX Hedge	17,309	-	-
Derivative Contracts Equity Options	-	-	-
Cash	150,587	11,913	-
Other investment balances	-	7,428	-
Debtors	-	19,033	-
<b>Total Financial Assets</b>	<b>5,800,387</b>	<b>38,374</b>	<b>-</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	(9)
Derivative Contracts Futures	-	-	-
Derivative Contracts FX Hedge	(4,674)	-	-
Creditors	-	-	(8,547)
<b>Total Financial Liabilities</b>	<b>(4,674)</b>	<b>-</b>	<b>(8,556)</b>
<b>Total Net Assets</b>	<b>5,795,713</b>	<b>38,374</b>	<b>(8,556)</b>
<b>2022/23</b>			
<b>Financial Assets</b>			
Long Term Investments	PPA* 707	PPA* -	-
Pooled Investments (Non-Property)	4,624,767	-	-
Pooled Property Investments	612,977	-	-
Derivative Contracts Futures	361	-	-
Derivative Contracts FX Hedge	36,669	-	-
Derivative Contracts Equity Options	-	-	-
Cash	111,333	2,264	-
Other investment balances	-	12,732	-
Debtors	-	18,045	-
<b>Total Financial Assets</b>	<b>5,386,814</b>	<b>33,041</b>	<b>-</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	(282)
Derivative Contracts Futures	-	-	-
Derivative Contracts FX Hedge	(19,873)	-	-
Creditors	-	-	(10,490)
<b>Total Financial Liabilities</b>	<b>(19,873)</b>	<b>-</b>	<b>(10,772)</b>
<b>Total Net Assets</b>	<b>5,366,941</b>	<b>33,041</b>	<b>(10,772)</b>

\* Prior period adjustment to reflect that cash held within bank accounts and money market funds are fair value through P&L. Previously the cash value for assets at amortised cost was £102,128k and for fair value through P&L it was £11,469k. The total value of cash remains unchanged.

As all investments are disclosed at fair value (apart from cash held at amortised cost), carrying value and fair value are therefore the same.

#### Net gains and losses on Financial Instruments

	31st March 2024 £'000	31st March 2023 £'000
<b>Financial assets</b>		
Fair value through profit & loss	435,777	3,567
Amortised Cost - realised gains on derecognition of assets	-	-
Amortised cost - unrealised gains	3,693	(20,008)
<b>Financial Liabilities</b>		
Fair value through profit & loss	(64,464)	(458,442)
Amortised Cost - realised losses on derecognition of assets	-	-
Amortised cost - unrealised losses	-	-
	<b>375,006</b>	<b>(474,883)</b>



### 23 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The primary objective of the Avon Pension Fund 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. The aim of the investment 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 portfolio of assets.

The Fund achieves this objective by investing across a diverse range of assets such as equities, bonds, property and other alternative investments in order to reduce exposure to a variety of financial risks including market risk (price, interest rate and currency risk), credit risk and liquidity risk.

Responsibility for the Fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and in market conditions.

As at 31 March 2024 Brunel Pension Partnership (Brunel) manages £5.24 billion of the Fund's assets while the remaining assets are managed by other external Investment Managers. Managers are required to invest in accordance with the terms of the agreed investment guidelines that set out the relevant benchmark, performance target, asset allocation ranges and any restrictions. The Avon Pension Fund Committee has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment portfolio and its Investment Consultant advises on the nature of the investments made and associated risks.

The Fund's investments are held by State Street Bank and Trust who acts as custodian on behalf of the Fund.

Because the Fund adopts a long-term investment strategy, the high-level risks described below will not normally alter significantly during any one year unless there are significant strategic or tactical changes to the portfolio. 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. Although Brunel is the investment manager for a number of asset classes, it appoints a number of underlying managers to each portfolio, so there is sufficient manager diversification within the Fund.

#### (a) Market Risk

Market risk is the risk of loss from fluctuations in market prices, interest rates, credit spreads and currencies. The Fund is exposed through its investment portfolio to all these risks. The level of risk depends on market conditions, expectations of future price and yield movements and asset allocation. The objective of the investment strategy is to identify, manage and control market risk within acceptable parameters, while optimising the return.

Volatility in market risk is primarily managed through diversification across asset class and underlying investment managers.

#### Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate caused by factors other than interest rates or currencies. These changes can be caused by factors specific to the individual instrument, its issuer or factors affecting the market in general e.g., COVID-19 type shocks and geopolitical trade tensions or conflicts and will affect the assets held by the Fund in different ways.

All investments present a risk of loss of capital. By diversifying its investments across asset classes, geography and industry sectors, investment mandate guidelines and managers the Fund aims to reduce its exposure to price risk. Diversification seeks to reduce the correlation of price movements. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the Committee against the strategic benchmark.

The fluctuation in equity prices is the largest market risk within the portfolio over the longer term; the maturity profile of the Fund and strong underlying covenants underpin the allocation to equities which are expected to deliver higher returns over the long term. However due to the significant volatility in bond prices over the last few years, the Risk Management Strategies is currently the largest market risk in the portfolio. As these assets are a better match for the liabilities, they help reduce the total risk within the Fund.

The Fund has an equity hedging strategy in place to protect from a significant fall in equity values and is structured to protect the downside and to cap the upside above a fully funded position based on the current funding plan.

As the global economy transitions to a Paris Aligned economy there is a risk to asset values as business models adapt or become obsolete and new opportunities arise. The Fund has a strategy to minimise its exposure to carbon intensive assets through allocations to Paris Aligned and more sustainable equity assets. In addition, it is investing in renewable infrastructure projects that will power the new economy. The analysis below does not take account of the potential impact of climate change on asset prices.

## PENSION FUND ACCOUNTS 2023/24

### Market Price Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns of the assets held within the Fund (provided by the Fund's advisors). The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the three years to 31 March 2024. This analysis assumes all other variables including interest rates and foreign currency exchange rates remain the same.

Movements in market prices could increase or decrease the net assets available to pay benefits by the amounts shown below. However, the likelihood of this risk materialising in normal circumstances is low by virtue of the diversification within the Fund.

The equity hedge does not affect the expected volatility of the equity assets.

The analysis for the year ending 31 March 2024:

Asset Type	Value	% Change	Value on Increase	Value on Decrease
	£'000		£'000	£'000
Global Equities	1,819,407	11.7%	2,032,278	1,606,536
Risk Management	1,522,335	34.2%	2,042,974	1,001,696
Diversified Return Funds	373,169	7.8%	402,276	344,062
Multi Asset Credit	340,487	6.6%	362,959	318,015
Property	680,454	7.0%	728,086	632,822
Fund of Hedge Funds	17,575	3.1%	18,120	17,030
Infrastructure	674,975	11.3%	751,247	598,703
Private Debt	203,367	6.4%	216,382	190,352
Long Term Investment	722	15.0%	830	614
Cash & Equivalents	182,554	0.6%	183,649	181,459
<b>Total Investment Assets</b>	<b>5,815,045</b>		<b>6,738,801</b>	<b>4,891,289</b>

The analysis for the year ending 31 March 2023 is shown below:

Asset Type	Value	% Change	Value on Increase	Value on Decrease
	£'000		£'000	£'000
Global Equities	1,897,617	13.8%	2,159,488	1,635,746
Risk Management	1,300,555	20.3%	1,564,568	1,036,542
Diversified Return Funds	336,583	7.8%	362,836	310,330
Multi Asset Credit	304,609	7.5%	327,455	281,763
Property	612,977	7.1%	656,498	569,456
Fund of Hedge Funds	22,891	4.0%	23,807	21,975
Infrastructure	633,970	12.8%	715,118	552,822
Private Debt	128,903	7.5%	138,571	119,235
Long Term Investment	707	15.0%	813	601
Cash & Equivalents	142,843	0.3%	143,272	142,414
<b>Total Investment Assets</b>	<b>5,381,655</b>		<b>6,092,425</b>	<b>4,670,885</b>

### Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates which will affect the value of fixed interest and index linked securities, as held through the Fund's Risk Management Strategy and Multi Asset Credit (MAC) portfolio.

The Fund's exposure to interest rate movements on these investments is provided below. Cash includes the cash deposits held against futures contracts.

	31st March 2024	31st March 2023
	£'000	£'000
Cash and Cash Equivalents	182,554	142,843
Multi Asset Credit	340,487	304,609
Risk Management Strategy	1,522,335	1,300,555
<b>Total</b>	<b>2,045,376</b>	<b>1,748,007</b>

## PENSION FUND ACCOUNTS 2023/24

### Interest Rate Risk - Sensitivity Analysis

Fluctuations in interest rates can affect both income to the Fund and the value of the net assets to pay benefits. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the effect on the value of the Risk Management Strategy and MAC portfolio as at 31 March 2024 of a 100 basis point (1%) change in interest rates. The analysis assumes that all other variables including foreign currency exchange rates remain constant.

The Fund has implemented a strategy to better match or hedge its liabilities with bond assets through its Risk Management Strategies. The primary 'matching' instruments used in these strategies include physical instruments such as fixed interest and index-linked Government bonds (financed through "repurchase" agreements), corporate bonds and derivative instruments such as interest-rate and inflation swaps.

An increase or decrease of 100 basis points (bps) in interest rates would have increased or decreased the net assets by the amount shown below.

#### As at 31 March 2024

	Change in net assets		
	Value	+100 bps	-100 bps
	£'000	£'000	£'000
Cash and Cash Equivalents	182,554	-	-
Multi Asset Credit	340,487	(8,853)	8,853
Risk Management Strategy	1,522,335	(339,024)	339,024
<b>Total</b>	<b>2,045,376</b>	<b>(347,877)</b>	<b>347,877</b>

A 1% rise in interest rates will reduce the fair value of the relevant net assets and vice versa. Changes in interest rates do not impact the value of cash balances but they will affect the interest income received on those balances.

The same analysis for the year ending 31 March 2023 is shown below:

#### As at 31 March 2023

	Change in net assets		
	Value	+100 bps	-100 bps
	£'000	£'000	£'000
Cash and Cash Equivalents	142,843	-	-
Multi Asset Credit	304,609	(6,884)	6,884
Risk Management Strategy	1,300,555	(286,252)	286,252
<b>Total</b>	<b>1,748,007</b>	<b>(293,136)</b>	<b>293,136</b>

### Currency Risk

Currency risk represents the risk that the fair value of financial instruments when expressed in Sterling will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on investments denominated in a currency other than Sterling. A significant proportion of the Fund's equity portfolio is invested in overseas equities, and there are also investments in overseas property, infrastructure and hedge funds (where the fund units are denominated in foreign currency). When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value for foreign denominated investments will fall. The Fund has a passive hedging arrangement in place which reduces the volatility of returns over the longer term (the hedging programme hedges the exposure to the US Dollar, Yen and Euro).

Where an investment manager chooses to hedge against foreign currency movements within their portfolio forward foreign exchange contracts are used.

The following tables summarise the Fund's currency exposure within the portfolio, before the Fund's currency hedge is applied. For the global property funds the share class of the pooled funds held has been used. The Global Equity value includes the equity exposure in the Risk Management Strategies Portfolio. The data for 2023 has been restated to include all unhedged currency exposures.

Currency risk by asset class:

Currency Exposure - Asset Type	Asset value as at 31st March 2024	Asset value as at 31st March 2023
	£'000	£'000
Global Equities	2,775,685	2,614,917 *
Global Property Funds	103,788	144,114
Diversified Returns Fund	373,169	336,583
Exchange Traded Funds	3,354	127,088
Fund of Hedge Funds	17,575	22,891
Infrastructure Funds	45,297	44,133

\* Prior period adjustment to reflect updated information provided by the actuary. Previously the figure for Global Equities exposure was £2,107,722k. From the 2023/24 financial year two additional asset types, Diversified Returns Funds and Exchange Traded Funds, have been added to the table.

### Currency Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using the volatility which is broadly consistent with a one-standard deviation movement in the currencies (where there is a material exposure) over the 3 years to 31 March 2024. This analysis reflects the Fund's passive hedging policy of a 50% hedge ratio on the global equity assets, and a 100% hedge ratio on the global property and hedge fund assets.

The table below discloses the material unhedged exposures. The table has been restated for 2023 to show the sensitivity to all material currency exposures. Prior to this only sensitivity to the US Dollar, Yen and Euro were disclosed.

Currency Risk:

Currency	Value at 31 March 2024 £'000	Implied volatility	Value at 31 March 2023 £'000	Implied volatility
USD	1,015,676	8.3%	867,292	9.0%
YEN	161,556	8.9%	163,717	8.5%
CAD	81,724	5.5%	54,709	5.6%
NOK	78,588	9.4%	107,242	9.1%
EUR	77,985	4.5%	153,913	5.2%
CHF	52,248	6.1%	73,707	6.6%
AUD	-	-	76,644	7.6%

**(b) Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument or transaction will fail to meet an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The entire Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties including brokers, custodian and investment managers minimises credit risk that may occur through the failure to settle transactions in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. Credit risk on exchange-traded derivative contracts is minimised by the various insurance policies held by exchanges to cover defaulting counterparties. Over-the-counter (OTC) derivative contracts are bilateral agreements where the Fund faces the credit risk of the financial counterparty directly. This is the case for forward currency contracts where a line of credit is extended to the Fund in place of a collateral posting agreement (as is the case for exchange-traded contracts). The hierarchy and replacement of an OTC contract on default of one of the counterparties is detailed in the ISDA, which is a market standard legal document governing derivative contracts.

Forward currency contracts are entered into by the Fund's managers, especially the currency hedging manager, Record. These contracts are subject to credit risk in relation to the counterparties of the contracts. The responsibility for managing these contracts and counterparty risk rests with the managers. Counterparty management is evaluated as part of the due diligence process prior to appointing a manager.

The derivative instruments held within the Risk Management Strategy are fully collateralised on a daily basis with cash and/or gilts. Management of collateral is delegated to the manager who has access to a pool of eligible collateral (gilts, cash and equities). Daily collateralisation mitigates credit risk to a large extent as in the event a counterparty defaults sufficient assets are held to re-establish any lost position at the prevailing market rate.

The Fund's bond portfolios have significant credit risk through their underlying investments. This risk is managed through diversification across sovereign and corporate entities, credit quality and maturity of bonds. The market prices of bonds incorporate an assessment of credit quality in their valuation which reflects the probability of default (the yield of a bond will include a premium that will compensate for the risk of default).

The MAC portfolio is comprised of assets with the following array of credit ratings as at 31st March 2024:

Credit Rating	Value £'000
AAA	2,349
AA+ to AA-	5,005
A+ to A-	18,386
BBB+ to BBB-	53,797
BB+ to BB-	93,123
B+ to B-	134,084
CCC+ to C-	20,940
Unrated	12,802

The Fund is subject to credit risk within its general debtors although none of these would represent a material risk to the Fund. General debtors were £1.3m for 2023/24 (£1.6m for 2022/23)

Another source of credit risk is the cash balances held to meet operational requirements or by the investment managers at their discretion. Internally held cash is managed on the Fund's behalf by the Council's Treasury Management Team in line with the Fund's Treasury Management Policy which sets out the permitted counterparties and limits. Investment cash balances held by the Fund and managers are invested with the custodian in diversified money market funds rated AAA.

The cash held under the Treasury Management arrangements and by the custodian as at 31 March 2024 was £150.6m. This was held with the following institutions:

	31st March 2024		31st March 2023	
	Rating	Balance £'000	Rating	Balance £'000
<b>Custodian's Liquidity Fund</b>				
State Street Global Services	AAA	119,689	AAA	89,454
<b>Money Market Funds</b>				
Goldman Sachs Global Treasury Fund	AAA	-	AAA	2,519
Aberdeen Liquidity Fund	AAA	2,620	AAA	970
Federated Investors	AAA	10,000	AAA	30
State Street Global Advisors	AAA	9,460	AAA	950
CCLA - The Public Sector Deposit Fund	AAA	1,050	AAA	7,000
Morgan Stanley	AAA	10		-
Invesco	AAA	6,100		-
<b>Bank</b>				
NatWest Special Interest Bearing Account	A+	88	A+	410
Handelsbanken	AA	1,560	AA	10,000
NatWest Current Account	A+	10	A+	-

The balance on the Custodian's Liquidity Fund includes cash held across all mandates.

Brunel may conduct security lending within pooled equity portfolios. For the year ending 31 March 2024 the market value of shares on loan totalled £10.2m, which generated £0.04m in income. Lending was conducted solely through the Brunel Global High Alpha portfolio.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's investment strategy and cash management policy ensure that the Fund has adequate cash to meet its working requirements including pension payments. Cash flow forecasts are prepared to manage the timing of and changes to the Fund's cash flows. The Fund has access to an overdraft facility for short term cash needs, although this is rarely utilised.

The Fund has immediate access to its cash holdings and a substantial portion of the Fund's investments consist of readily realisable securities, in particular equities even though they are held in pooled funds. In addition, the Fund invests in a range of Exchange Traded Funds that provide a similar liquidity profile to cash so that capital calls from the private market portfolios can be managed efficiently. The main liabilities of the Fund are the benefits payable as they fall due over a long period and the investment strategy reflects the long-term nature of these liabilities. As a result, the Fund is able to manage the liquidity risk that arises from its investments in less liquid asset classes such as property, infrastructure, private debt and fund of hedge funds which are subject to longer redemption periods and cannot be considered as liquid as the other investments. As at 31 March 2024 the value of the illiquid assets was £1,577m, or 27% of the total Fund assets (31 March 2023: £1,399m which represented 26% of the total Fund assets).

## PENSION FUND ACCOUNTS 2023/24

### 24 FAIR VALUE HIERARCHY

Fair value is the value at which the investments could be realised within a reasonable timeframe. The Fund measures fair values using the following fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of fair value. This hierarchy is not a measure of investment risk but a reflection of the ability to value the investments at fair value. Transfers between levels are recognised in the year in which they occur. The hierarchy has the following levels:

- Level 1 – Asset and liabilities where the fair value is derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Assets and liabilities where quoted market prices are not available but uses inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. For example where an instrument is traded in a market that is not considered to be active, or where valuation techniques based significantly on observable market data are used to determine fair value.
- Level 3 – assets and liabilities where at least one unobservable input used to measure fair value could have a significant effect on the valuation and the Fund's holding in these pooled funds is not immediately realisable at the net asset value.

#### Fair Value Hierarchy

The basis of the valuation of each class of investment asset is set out below.

Description of Asset	Fair Value Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published closing bid price ruling at year end.	Not required.	Not required.
Exchange traded futures	Level 1	Published exchange prices at the year end.	Not required.	Not required.
Forward currency contracts	Level 2	Market forward exchange rates at the year end	Price of recent transactions in identical instruments, exchange rate risk	Not required.
Pooled Investment vehicles including unitised insurance policies and other managed funds	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published.	NAV based pricing set on a forward looking basis.	Not required.
Pooled property funds (Open Ended)	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published. Market values are in accordance with RICS valuation standards and FV processes with IPEV guidelines.	NAV based pricing set on a forward looking basis using transactional data and cash flow forecasts.	Not required.
Private Debt	Level 3	Private Debt investments are valued at the end of each quarter by the underlying fund manager and annually appraised by a 3rd party for appropriateness. The valuation method employed for each asset is at the discretion of the valuer but must fall within the standards prescribed by the relevant accounting bodies as appropriate (US GAAP and IFRS) and be in accordance with IPEV guidelines.	Initial recognition cost, principal repayments, effective interest method, impairment reductions	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.
Hedge Funds	Level 3	Closing bid price where bid and offer prices are published; closing single price where single price published. Market values are determined as of the last calendar day of each month. Where the underlying investment funds do not report a month end NAV on a timely basis, the NAV will be determined using the most recently available month end valuation as well as other relevant information available including market inputs that may impact the performance of a particular fund.	NAV based pricing set on a forward looking basis.	Valuations can be affected by material events between the date of the financial accounts provided and the Fund's own reporting date, by changes to expected cash flows and by any differences between the audited and unaudited accounts.

## PENSION FUND ACCOUNTS 2023/24

### Fair Value Hierarchy (Continued)

Description of Asset	Fair Value Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Limited Partnerships and closed ended funds (Property)	Level 3	Valued using a number of different market and income valuation methods as well as comparable market transactions prices. The market values are in accordance with IPEV guidelines.	Market transactions; market outlook; cash flow projections; last financings; multiple projections.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.
Infrastructure funds	Level 3	Infrastructure investments are valued regularly by the underlying manager, and appraised annually by 3rd parties for appropriateness, or by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed valuer but must fall within the standards prescribed by the relevant accounting bodies as appropriate (US GAAP and IFRS) and be in accordance with IPEV guidelines.	Infrastructure investments are typically valued on a discounted cash flow approach, utilising cash flow forecasts. Valuations are cross-checked with public market information and recent transactions.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows, significant increases and decreases in the discount rate and any differences between audited and unaudited accounts.
Long Term Investments - Equities	Level 3	Brunel Share Capital is valued at the Equity value as stated in Brunel Pension Partnership Statement of Accounts	Earnings and revenue multiples; discount for lack of marketability; control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.

In instances where an asset can fluctuate in the amount of observable inputs / comparators the fund holds it at the higher of the levels that it would fall into. The following sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 March 2024.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investments:-				
Equities	3,352	1,815,367		1,818,719
Risk Management Strategy	-	1,522,335		1,522,335
Fund of Hedge Funds	-	-	17,575	17,575
Diversified Return Funds	-	373,169	-	373,169
Multi Asset Credit	-	340,487		340,487
Property	-	161,867	518,587	680,454
Infrastructure	-	-	674,975	674,975
Private Debt	-	-	203,367	203,367
Long Term Investment	-	-	722	722
Cash	151,087	-	-	151,087
Derivatives: Forward FX	-	12,635	-	12,635
Derivatives: Futures	688	-	-	688
Investment Debtors/Creditors	7,419	-	-	7,419
	<b>162,546</b>	<b>4,225,860</b>	<b>1,415,226</b>	<b>5,803,632</b>

The fair value hierarchy as at 31 March 2023 was:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investments:-				
Equities	127,009	1,770,247		1,897,256
Risk Management Strategy	-	1,300,555		1,300,555
Fund of Hedge Funds	-	-	22,891	22,891
Diversified Return Funds	-	336,583	-	336,583
Multi Asset Credit	-	304,609		304,609
Property	-	173,098	439,879	612,977
Infrastructure	-	-	633,970	633,970
Private Debt	-	-	128,903	128,903
Long Term Investment	-	-	707	707
Cash	113,597	-	-	113,597
Derivatives: Forward FX	-	16,796	-	16,796
Derivatives: Futures	361	-	-	361
Investment Debtors/Creditors	12,450	-	-	12,450
	<b>253,417</b>	<b>3,901,888</b>	<b>1,226,350</b>	<b>5,381,655</b>

There were no re-classifications of assets between levels in 2023/24.

## PENSION FUND ACCOUNTS 2023/24

### Reconciliation of Fair Value measurements within Level 3

Level 3	Market Value 31 March 2023 £'000	Transfer into Level 2 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Unrealised gains / losses £'000	Realised gains / losses £'000	Market value 31 March 2024 £'000
Property	439,879		146,991	(12,373)	(55,720)	(190)	518,587
Fund of Hedge Funds	22,891		-	(6,333)	662	355	17,575
Infrastructure	633,970		141,763	(105,850)	5,097	(5)	674,975
Private Debt	128,903		77,313	(2,713)	(136)		203,367
Long Term Investment - Equities	707				15		722
	<b>1,226,350</b>	<b>-</b>	<b>366,067</b>	<b>(127,269)</b>	<b>(50,082)</b>	<b>160</b>	<b>1,415,226</b>

Level 3	Market Value 31 March 2022 £'000	Transfer into Level 2 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Unrealised gains / losses £'000	Realised gains / losses £'000	Market value 31 March 2023 £'000
Property	505,686		43,003	(12,309)	(100,455)	3,954	439,879
Fund of Hedge Funds	109,262		-	(126,634)	2,509	37,754	22,891
Infrastructure	653,396		82,411	(159,235)	57,390	8	633,970
Private Debt	42,713		89,594	(341)	(3,063)		128,903
Long Term Investment - Equities	838				(131)		707
	<b>1,311,895</b>	<b>-</b>	<b>215,008</b>	<b>(298,519)</b>	<b>(43,750)</b>	<b>41,716</b>	<b>1,226,350</b>

### Sensitivity of assets valued at Level 3

Having consulted its investment advisor, and having analysed historical data and market trends, the Fund has determined that the valuation methods used for Level 3 assets are likely to be accurate to within the following ranges on the closing value of the investments held at 31 March 2024.

	Assessed valuation range +/-	Value at 31 March 2024 £'000	Value on increase £'000	Value on decrease £'000
Property	10%	518,587	570,446	466,728
Fund of Hedge Funds	10%	17,575	19,333	15,818
Infrastructure	15%	674,975	776,221	573,729
Private Debt	15%	203,367	233,872	172,862
Long Term Investment	15%	722	830	614
<b>Total</b>		<b>1,415,226</b>	<b>1,600,702</b>	<b>1,229,750</b>

The same analysis for 31 March 2023:

	Assessed valuation range +/-	Value at 31 March 2023 £'000	Value on increase £'000	Value on decrease £'000
Property	10%	439,879	483,867	395,891
Fund of Hedge Funds	10%	22,891	25,180	20,602
Infrastructure	15%	633,970	729,066	538,875
Private Debt	15%	128,903	148,238	109,568
Long Term Investment - Equities	15%	707	813	601
<b>Total</b>		<b>1,226,350</b>	<b>1,387,164</b>	<b>1,065,536</b>

**25 EMPLOYING BODIES**

As at 31 March 2024 the following employing bodies had contributing scheme members in the Avon Pension Fund:

**Principal Councils and Service Providers**

Avon Fire & Rescue Service  
 Bath & North East Somerset Council  
 Bristol City Council

North Somerset Council  
 South Gloucestershire Council  
 West of England Combined Authority

**Further & Higher Education Establishments**

Bath College  
 Bath Spa University  
 City of Bristol College  
 Offender Learning Services (part of Weston College)  
 Restart Employment and Skills Limited (part of Weston College)

South Gloucestershire & Stroud College  
 St. Brendan's Sixth Form College  
 University of the West of England  
 Weston College

**Academies and Schools**

Abbeywood Community School  
 Abbot Alphege Academy  
 All Saints East Clevedon C of E Primary School  
 Ashcombe Primary School  
 Ashton Park School  
 Ashton Vale Primary School  
 Aspire Academy  
 Avanti Gardens School  
 Backwell C of E Junior School  
 Backwell School  
 Badock's Wood E-ACT Academy  
 Bannerman Road Community Academy  
 Banwell Primary School  
 Barton Hill Academy  
 Bathampton Primary School  
 Batheaston Church School  
 Bathford Church School  
 Bathwick St Mary Church School  
 Becket Primary School  
 Bedminster Down School  
 Beechen Cliff School  
 Begbrook Primary Academy  
 Birdwell Primary School  
 Bishop Sutton Primary School  
 Blackhorse Primary School  
 Blagdon Primary School  
 Blaise High School  
 Bourville Primary School  
 Bowsland Green Primary School  
 Bradley Stoke Community School  
 Bridge Farm Primary School  
 Bridge Learning Campus  
 Bristol Cathedral School Trust  
 Bristol Free School  
 Broadlands Academy  
 Broadoak Academy  
 Brook Academy  
 Burrington CofE Primary School  
 Cabot Learning Federation  
 Cabot Primary School  
 Cadbury Heath Primary School  
 Callicroft Primary School  
 Cameley CEVC Primary School  
 Castle Batch Primary School Academy  
 Castle Primary School (Keynsham)  
 Chandag Primary School  
 Charborough Road Primary School  
 Charfield Primary School  
 Charlton Wood Primary Academy  
 Cheddar Grove Primary School  
 Chestnut Park Primary School  
 Chew Magna Primary School  
 Chew Stoke Church School  
 Chew Valley School  
 Chipping Sodbury School  
 Christ Church C of E Primary School (Bristol)  
 Christ Church C of E Primary School (WSM)  
 Churchill Academy  
 Churchill CofE Primary School  
 City Academy  
 Clevedon School  
 Clutton Primary School  
 Combe Down C of E Primary School  
 Compass Point South Street Primary School  
 Corpus Christi Catholic Primary School  
 Cotham Gardens Primary School  
 Cotham School  
 Court de Wyck Church School  
 Crockerne C of E Primary School  
 CST Trinity Academy  
 Culverhill School  
 Digitech Studio School  
 Diocese of Bristol Academy Trust (Central Functions)

Downend School  
 Dundry C of E Primary School  
 E-ACT (Central Functions)  
 East Harptree Primary School  
 Easton C of E Academy  
 Elmlea Infant School  
 Elmlea Schools' Trust  
 Emersons Green Primary School  
 Evergreen Primary Academy  
 Excalibur Academies Trust (Central Functions)  
 Extend Learning Academies Network (Central Functions)  
 Fairfield High School  
 Fairlawn Primary School  
 Farmborough Church Primary School  
 Farrington Gurney C of E Primary School  
 Filton Avenue Primary School  
 Filton Hill Primary School  
 Fishponds Church of England Academy  
 Flax Bourton C of E Primary School  
 Fonthill Primary School  
 Fosse Way School  
 Four Acres Academy  
 Freshford Church School  
 Frome Vale Academy  
 Golden Valley Primary School  
 Gordano School  
 Greenfield E-ACT Primary Academy  
 Grove Junior School  
 Hanham Abbots Junior School  
 Hanham Woods Academy  
 Hannah More Infant School  
 Hans Price Academy  
 Hareclive E-ACT Academy  
 Hayesfield Girls School  
 Haywood Village Academy  
 Headley Park Primary School  
 Henbury Court Primary Academy  
 Henleaze Junior School  
 Heron's Moor Academy  
 High Down Infant School  
 High Down Junior School  
 High Littleton C of E Primary School  
 Hotwells Primary School  
 Hutton C of E Primary School  
 IKB Academy  
 Ilminster Avenue E-ACT Academy  
 Kings Forest Primary School  
 Kings Oak Academy  
 Kingshill Church School  
 Knowle DGE Academy  
 Lansdown Park Academy  
 Lime Hills Academy  
 Little Mead Primary Academy  
 Locking Primary School  
 Longvernal Primary School  
 Luckwell Primary School  
 Lyde Green Primary School  
 Mangotsfield Church of England Primary School  
 Mangotsfield School  
 Marksbury C of E Primary School  
 Marlwood School  
 Mary Elton Primary School  
 May Park Primary School  
 Mead Vale Community Primary School  
 Meadowbrook Primary School  
 Mendip Green Primary School  
 Merchants' Academy  
 Midsomer Norton Primary School  
 Midsomer Norton Schools Partnership  
 Milton Park Primary School  
 Minerva Primary Academy  
 Montpellier High School  
 Moorlands Infant School



## PENSION FUND ACCOUNTS 2023/24

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Moorlands Junior School  
Mulberry Park Educate Together Primary  
Nailsea School  
New Siblands School  
North Star 240°  
North Star 82°  
Northleaze C of E Primary School  
Norton Hill Primary School  
Notton House Academy  
Oasis Academy Bank Leaze  
Oasis Academy Brightstowe  
Oasis Academy Brislington  
Oasis Academy Connaught  
Oasis Academy Daventry Road  
Oasis Academy John Williams  
Oasis Academy Long Cross  
Oasis Academy Marksbury Road  
Oasis Academy New Oak  
Oasis Academy Temple Quarter  
Oldfield Park Infant School  
Oldfield Park Junior School  
Oldfield School  
Oldmixon Primary School  
Olympus Academy Trust (Central Functions)  
Orchard School Bristol  
Palladian Academy Trust (Central Functions)  
Parklands Educate Together Primary  
Parson Street Primary School  
Patchway Community School  
Paulton Infant School  
Peasedown St John Primary School  
Pensford Primary School  
Perry Court E-ACT Academy  
Portishead Primary School  
Priory Community School Academy  
Ralph Allen School  
Redfield Educate Together Primary Academy  
Redland Green School  
Roundhill Primary School  
Saltford C of E Primary School  
Samuel White's Infant School  
Sandford Primary School  
Severn Beach Primary School  
SGS Pegasus School  
Shoscombe Church School  
Sir Bernard Lovell Academy  
Snowdon Village  
Somerdale Educate Together Primary Academy  
Soundwell College  
St Andrew's Church School  
St Andrews CofE Primary School  
St Anne's Church Academy  
St Barnabas C of E Primary School  
St Bede's Catholic College  
St Bernard's Catholic Primary School  
St Francis Catholic Primary School  
St Georges Church School  
St John The Evangelist Church School  
St John's C of E Primary School (Keynsham)  
St John's C of E Primary School (MSN)  
St Julian's C of E Primary School  
St Katherine's School  
St Mark's C of E School (Bath)  
St Mark's Ecumenical Anglican/Methodist Primary School  
St Martin's C of E Primary School  
St Martin's Garden Primary School  
St Mary Redcliffe C of E Primary School  
St Marys C of E Primary School (Timsbury)  
St Marys C of E Primary School (Writhlington)  
St Mary's C of E VA Primary School  
St Matthias Academy  
St Michael's C of E Junior Church School  
St Nicholas Chantry C of E VC Primary School

### Designating Bodies

Aequus Developments Limited  
Almondsbury Parish Council  
Backwell Parish Council  
Bitton Parish Council  
Bradley Stoke Town Council  
Bristol Waste Company  
Charter Trustees of the City of Bath  
Churchill Parish Council  
Clevedon Town Council  
Congresbury Parish Council  
Dodington Parish Council  
Downend and Bromley Heath Parish Council

St Nicholas Church School  
St Nicholas of Tolentine Catholic School  
St Patrick's Catholic Primary School, Bristol  
St Peter's C of E Primary School  
St Philip's C of E Primary School, Bath  
St Saviours Infant Church School  
St Saviours Junior Church School  
St Stephen's Primary Church School  
St Teresa's Catholic Primary School, Bristol  
St Ursula's E-ACT Primary Academy  
St Werburghs Primary School  
Stanbridge Primary School  
Stanton Drew Primary School  
Staple Hill Primary School  
Stoke Bishop C of E Primary School  
Stoke Lodge Primary School  
Stoke Park Primary School  
Summerhill Academy  
Swainswick Church School  
The Castle School  
The Dolphin School  
The Kingfisher School  
The Meadows Primary School  
The Mendip Studio School  
The Sky Academy  
The Tynings Primary School  
Three Ways School  
Tickenham C of E Primary School  
Torthworth Primary School  
Trinity Anglican Methodist Primary School  
Trinity Church School  
Trust in Learning (Academies) (Central Functions)  
Two Rivers C of E Primary School  
Tyndale Primary School  
Ubley Primary School  
Uphill Village Academy  
Venturers' Academy  
Venturers' Trust (Central Functions)  
Victoria Park Primary School  
Walliscote Primary School  
Wallscourt Farm Academy  
Wansdyke Primary School  
Waycroft Academy  
Wellsway School  
Welton Primary School  
West Leigh Infant School  
West Town Lane Academy  
Westbury Park Primary School  
Westbury-on-Trym C of E Academy  
Westfield Primary School  
Weston All Saints C of E Primary School  
Wheatfield Primary School  
Whitchurch Primary School  
Wicklea Academy  
Widcombe C of E Junior School  
Widcombe Infant School  
Windwhistle Primary School  
Winford C of E Primary School  
Winscombe Primary School  
Winterbourne International Academy  
Winterstoke Hundred Academy  
Woodlands Academy  
Woodlands Primary School  
Worle Community School Academy  
Worle Village Primary School  
Worlebury St Paul's Church School  
Wraxall C of E VA Primary School  
Wrington CofE Primary School  
Writhlington School  
Yate Academy  
Yatton C of E Junior School  
Yatton Infant School  
Yeo Moor Primary School

Emersons Green Town Council  
Filton Town Council  
Frampton Cotterell Parish Council  
Futura Commercial Services Limited  
Hanham Abbots Parish Council  
Hanham Parish Council  
Keynsham Town Council  
Midsomer Norton Town Council  
Nailsea Town Council  
Oldland Parish Council  
Patchway Town Council  
Paulton Parish Council

## PENSION FUND ACCOUNTS 2023/24

Peasedown St John Parish Council  
Pill & Easton in Gordano Parish Council  
Portishead Town Council  
Radstock Town Council  
Salford Parish Council  
Sodbury Parish Council  
Staple Hill & Mangotsfield Parish Council  
Stoke Gifford Parish Council  
Stoke Lodge & the Common Parish Council

### Community Admission Bodies

Adoption West  
Ashley House Hostel  
Bristol Music Trust  
Clifton Suspension Bridge Trust  
Destination Bristol  
Merlin Housing Society Ltd (New staff since 2007)  
Merlin Housing Society Ltd (SG)

### Transferee Admission Bodies

ABM Catering Limited - Athelstan Trust (Chipping Sodbury)  
ABM Catering Limited - Christchurch Infant & Junior School  
ABM Catering Limited - Cotham School  
ABM Catering Limited - SGC Schools  
ABM Catering Limited - South Gloucestershire Council (Bromley Heath Cluster)  
ABM Catering Limited - St Mary's School, Bath  
ABM Catering Limited - St Mary's School, Bradley Stoke  
ABM Catering Limited - The Leaf Trust  
Active Community Engagement Ltd  
Active Nation UK Limited  
Agilysys Limited  
Agilysys Limited 2015  
Alliance Homes - Ebdon Court  
Alliance in Partnership Limited - Henleaze Junior Academy  
Alliance in Partnership Limited - Parkwall Primary School  
Alliance in Partnership Limited - South Gloucestershire Council  
  
Alliance in Partnership Limited - St Anne's CEVC Primary School  
Alliance in Partnership Limited - The Park Primary School  
Alliance in Partnership Limited - Westbury on Trym C of E Academy  
Aspens Services Limited - Academies Enterprise Trust  
Aspens Services Limited - Blackhorse Primary School  
Aspens Services Limited - Bristol City Council PFI Contracts  
Aspens Services Limited - Cabot Learning Federation  
Aspens Services Limited - Castle Primary School (Keynsham)  
Aspens Services Limited - Culverhill School  
Aspens Services Limited - Elmlea School Trust (MAT admission)  
Aspens Services Limited - Extend Learning Academies Network  
Aspens Services Limited - Hanham Primary Federation  
Aspens Services Limited - Kaleidoscope MAT  
Aspens Services Limited - Lighthouse Schools Partnership  
Aspens Services Limited - St Anne's Church Academy (Priory Learning Trust)  
Aspens Services Limited - The Tynings School  
Aspens Services Limited - Venturers Trust  
Aspens Services Limited - Warmley Park Primary School  
Atalian Servest Food Company Limited - City of Bristol College  
Ategi limited  
BAM Construction UK Ltd  
Bespoke Cleaning Services Limited - South Gloucestershire & Stroud College  
Care Quality Services Limited  
Cater Link Limited - Castle Schools Education Trust  
Churchill Contract Services Ltd - Futura Learning Partnership  
Churchill Contract Services Ltd - Westhaven School  
Circadian Trust  
City Leap Energy Partnership Limited  
Clever Chefs Limited - BAM Construction  
Compass Contract Services (UK) Ltd - Bath and Wells MAT  
Compass Contract Services (UK) Ltd - Beacon Rise Primary School  
Compass Contract Services (UK) Ltd - Bristol City Council  
Compass Contract Services (UK) Ltd - North Star Academy Trust  
Compass Contract Services (UK) Ltd - Paldadian Academy Trust  
Compass Contract Services (UK) Ltd - St Bede's Catholic College (BCCfw)  
Compass Contract Services (UK) Ltd - St Mary's C of E Primary School, Writhlington  
Compass Contract Services (UK) Ltd - St Patrick's Catholic Primary School (BCCfw)  
Compass Contract Services (UK) Ltd - St Teresa's Catholic Primary School (BCCfw)

Thornbury Town Council  
Westerleigh Parish Council  
Westfield Parish Council  
Weston Super Mare Town Council  
Whitchurch Village Council  
Wrington Parish Council  
Yate Town Council  
Yatton Parish Council

Play Station Nursery Ltd - Barley Close (SGC)  
Sirona Care & Health (Telecare Service)  
The Care Quality Commission  
The Park Community Trust Ltd  
University of Bath (CAB)  
Writhlington Trust  
West of England Music Limited

Compass Contract Services (UK) Ltd - St Werburgh's Primary School (BCCfw)  
Compass Contract Services (UK) Ltd - Westbury Park Primary School (BCCfw)  
Coombs Catering Partnership - New Siblands School  
Coombs Catering Partnership - South Gloucestershire Council  
Creative Youth Network - South Gloucestershire Council Youth Service  
Direct Cleaning Services (South West) Limited - DBAT MAT  
Direct Cleaning Services (South West) Limited - New Siblands School (Enable Trust)  
Direct Cleaning Services (South West) Limited - Paldadian MAT  
Direct Cleaning Services (South West) Limited - South Gloucestershire Council  
Direct Cleaning Services (South West) Limited - St Gregory's Catholic College  
Dolce Ltd - Mangotsfield C of E Primary School  
Dolce Ltd - St Mary's School, Yate (SGC)  
Edwards and Ward Ltd - Paulton Infant School  
Edwards and Ward Ltd - SGC  
Edwards and Ward Ltd - St Keyna Primary School  
Elite Sports UK Limited (E.S.D.C UK Ltd)  
Foundation for Active Community Engagement (FACE) - South Gloucestershire Council Youth Service  
Future Stars Coaching Limited - High Down Schools  
Glen Cleaning Company Limited - Christ Church Junior School  
Glen Cleaning Company Limited - Excalibur Academies Trust (BCCfw)  
Greenwich Leisure Ltd - Bath & North East Somerset Council  
HCRG Care Services Limited (formerly Virgin Care Services Limited)  
Imperial Cleaning Services (South West) Limited - The Tynings Primary School  
Innovate Services Ltd - Cathedral Schools Trust  
Innovate Services Ltd - Excalibur Academies Trust  
Junior Adventures Group - St Werburghs School  
KGB Cleaning (South West) Ltd - Cabot Learning Federation  
KGB Cleaning (South West) Ltd - Cathedral Schools Trust  
KGB Cleaning (South West) Ltd - Midsomer Norton Schools Partnership  
KGB Cleaning (South West) Ltd - Olympus Academy Trust  
Kindred - Futura Learning Partnership  
Liberata UK Limited  
Mentoring Plus (Bath & North East Somerset)  
Portway Sports Centre Limited  
Prestige Cleaning & Maintenance Limited  
Purgo Supply Services Ltd - Castle School Education Trust  
Purgo Supply Services Ltd - E-ACT  
Purgo Supply Services Ltd - Excalibur Academies Trust  
Purgo Supply Services Ltd - Lighthouse Schools Partnership  
Ridge Crest Cleaning Ltd - Bristol City Council  
Sansum Solutions Group Limited - ELAN  
Sansum Solutions Group Limited - St Bede's Catholic College  
Shine Wraparound Care Ltd - Olympus Academy Trust  
Skanska Rashleigh Weatherfoil Ltd  
SLM Community Leisure Trust  
SLM Fitness & Health Ltd  
Sodexo Ltd - Diocese of Bristol Academies Trust (DBAT)  
Sodexo Ltd - Oasis Community Learning  
Taylor Shaw - Olympus Academy Trust  
The Brandon Trust  
Weston Support Services - Ashcombe Primary School  
Weston Support Services - North Somerset Council Campus School  
Xerox (UK) Limited  
Youth Connect South West

# ANNUAL GOVERNANCE STATEMENT 2023/24

## 1. Scope of Responsibility – Context for Statement

The council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, which includes ensuring a sound system of internal control and effective arrangements for the management of risk.

The council has adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of our code is available from the B&NES Council public website.

This Statement explains how the council has complied with our Local Code of Corporate Governance and also meets the requirements of:

- The Accounts and Audit (England) Regulations 2015 (amended 2022), specifically Regulation 6 (1) in respect of the annual review of the effectiveness of its system of internal control and preparation and publication of an Annual Governance Statement.
- The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

The governance framework described in this Statement has been in place at the council for the year ended 31 March 2024, and up to the date of the approval of the statement of accounts.

## 2. The Purpose of the Governance Framework – Background & Overview for 2023/24

Good governance enables Bath & North East Somerset Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times and the following diagram illustrates how good governance is integral to supporting the delivery of the organisation's priorities.



The Constitution, which sets out how the Authority operates, is kept under review and updated as necessary. It clearly defines the roles of councillors and officers, and this clarity contributes to effective working relationships.

An updated Constitution was adopted by Council at its 21st July 2022 meeting, which included changes proposed by the Constitution Working Group. Subsequent minor amendments to the Constitution have been made within the delegated authority of the Council's Monitoring Officer following the Council's AGM in May 2023 and again in April 2024. Council is required to note minor amendments made through Officer Delegated Decision making.

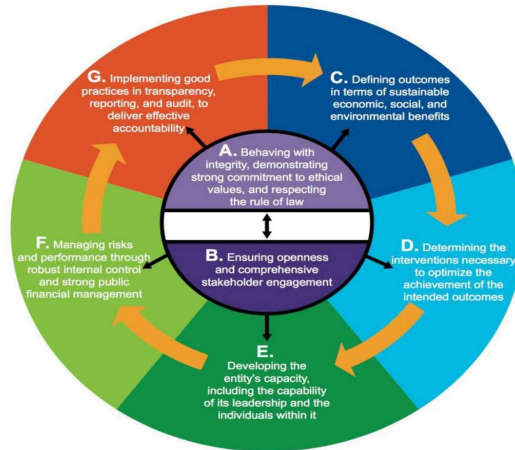
The council maintains a Local Code of Corporate Governance. The objective of the Local Code is to ensure that in conducting its business the Council:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure public money is safeguarded, properly accounted for and spent wisely
- Has effective arrangements in place to manage and control risk
- Secures continuous improvements in the way it operates.

The Code comprises the systems and processes, culture and values and structures by which the council is directed and controlled. The Code records activities required to enable the council to engage with, account to and lead the communities it serves. It enables the council to set its strategic objectives and manage the achievement of agreed objectives.

The system of internal control is a significant part of the Local Code of Corporate Governance, and it is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised; and to manage them efficiently, effectively and economically.

The CIPFA/SOLACE framework envisages that the Code will be organised to ensure a continuous process of seven principles based around two core principles (A and B).



Source: CIPFA/SOLACE

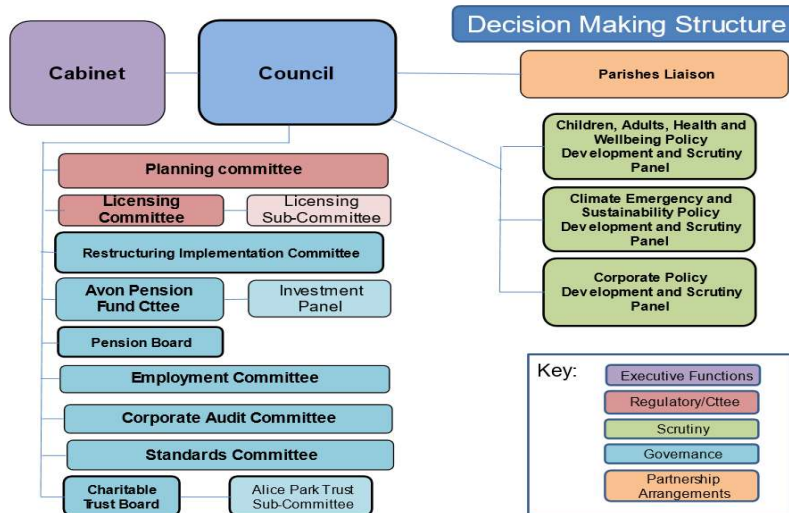
The governance framework and a Local Code of Corporate Governance has continued to be in place at Bath & North East Somerset Council for the year ended 31 March 2024 and up to the date of approval of the Council's Statement of Accounts.

**3. Key Elements of our Code of Corporate Governance – Our Framework**

The council's Constitution is kept under constant review and updated through the work of the Constitution Working Group. It clearly defines the purpose of the Constitution and the roles of councillors and officers, and it provides a framework for effective working relationships.

The Policy and Budget Framework (PBF) within the constitution is a collection of plans and strategies determined by Full Council that collectively form the decision-making framework.

Part 2 of the Constitution – 'Responsibility for Functions and Delegation Schemes' records a diagram of the council's decision-making bodies:



**Key Corporate Management Groups**

These groups are responsible for advising and recommending on all strategic and operational decisions in compliance with the council’s Policy and Budget framework, and their membership includes officers with delegated responsibility powers:

**Informal Cabinet** - Cabinet Members meeting with senior officers, to give political steer and direction on key issues - Formal decisions are required through the democratic process, i.e., full Cabinet.

**Strategic Leadership Team (Executive Leadership Team w.e.f. January 2024)** - Responsible for maintaining oversight, advising, and recommending strategic decisions, and the Chief Executive’s management team meeting.

**Corporate Management Team** - Responsible for maintaining oversight, advising, and recommending on decisions within the council’s policy and budget framework, that require Director engagement.

**Oversight Groups**

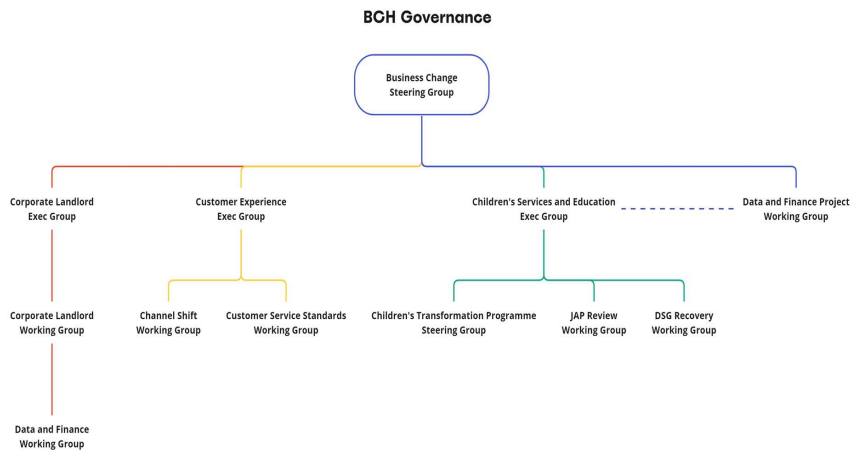
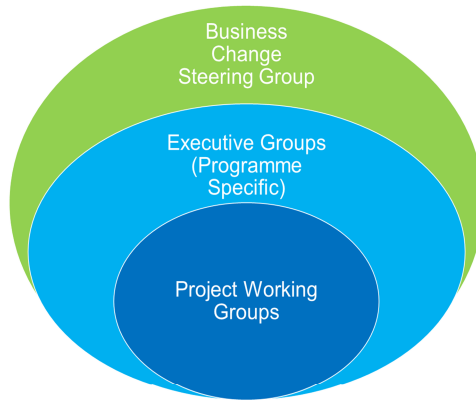
**Capital Strategy Group** – To govern the council’s capital programme providing assurance to the Executive Leadership Team and cabinet on the budget setting, scheme approval, management and delivery of the council approved capital programme.

**Infrastructure Development Group** – Ensure alignment in outcomes and strategic oversight on our key priorities across property, regeneration, planning and highways investment plans.

**Corporate Advisory & Steering Groups**

These groups perform an important supporting role, providing advice, guidance, and direction, especially to the operational side of the Council and include - Property Board; IT Steering Group, Business Change Steering Group, Procurement Steering Group, Health Safety and Wellbeing Steering Group, Risk Management Steering Group, Corporate Equality Diversity and Inclusion Steering Group.

Included in the list above is the Business Change Steering Group, a component of the Business Change Hub governance framework. The following diagrams provide an example of Programme / Project governance.



**Key Partnerships**

**West of England Combined Authority**

Since 2017 B&NES Council has been part of the West of England Combined Authority which was created by The West of England Combined Authority Order 2017 which covered three local authorities::

- Bath & North East Somerset Council
- Bristol City Council
- South Gloucestershire Council

It operates with a directly elected Mayor (last elected May 2021) and is responsible for a number of Local Transport, Strategic Planning, Skills and Economic Growth functions.

The Combined Authority operates an executive model with a Cabinet comprising:

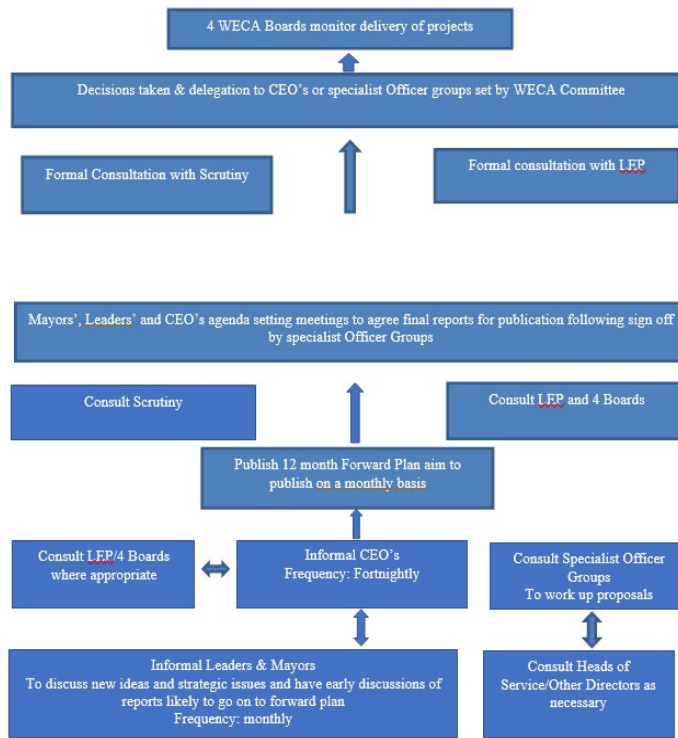
- 1.Elected Mayor
- 2.Constituent councils' representatives
- 3.Chair of the West of England Local Enterprise Partnership

**West of England Joint Committee**

This Joint Committee is responsible for functions that fall outside of the Combined Authority Order and provides cross boundary engagement with all the Unitary Authorities in the West of England including North Somerset Council.

B&NES Council's Leader is the council's appointed member of both the Combined Authority and the Joint Committee.

West of England Combined Authority Regional structure:



**Avon Fire Authority (Avon Fire & Rescue Service)**

The geographical area covered by the Avon Fire & Rescue Service is the four Unitary Councils (B&NES, Bristol, South Gloucestershire & North Somerset). The Authority membership comprises 20 Elected Members. B&NES Council holds 3 places.

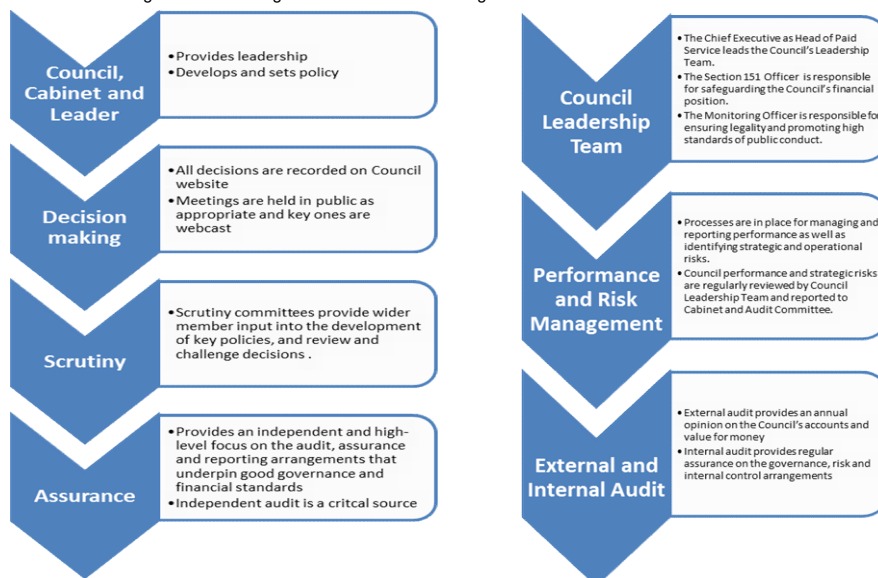
The Fire Authority has overall responsibility for the strategic direction, establishment, budget and functions of a fire and rescue service and over the acquisition, disposal and alteration of premises and appliances.

**Avon & Somerset Police and Crime Panel**

B&NES Council is one of 8 unitary and district local authorities on the Panel. The Panel has 15 elected members (including 2 B&NES Members) and 3 independent co-opted members of the public. The purpose of the panel is to hold the Police and Crime Commissioner to account.

# ANNUAL GOVERNANCE STATEMENT 2023/24

The wider elements of the framework of our governance arrangements at the council during 2023/24 were:



## Council Business 2023/24 – Key Governance Decisions

### 25th May 2023 - Council's Annual General Meeting (AGM)

- Appointment of Council Chair, Vice Chair and Leader of the Council
- Notification of Members elected 4th May 2023
- Appointment of Committees and Panels.

At the council's AGM Councillors Sarah Moore and Karen Walker were appointed Chair and Vice Chair respectively for the council year 2023/24. Councillor Kevin Guy remained elected Council Leader until the May 2027 AGM. In addition the Terms of Reference for Committees and Panels were approved.

### Cabinet Members & Portfolios Appointments

Cllr Kevin Guy Council Leader	<ul style="list-style-type: none"> <li>• Responsible for Cabinet direction and decision making.</li> <li>• Representation on external bodies such as WECA</li> <li>• Democratic Reform</li> <li>• Connecting Communities, Community relations and involvement, Resident Engagement and communication</li> </ul>
Cllr Sarah Warren Deputy Council Leader (Statutory)	Cabinet Member for Climate Emergency & Sustainable Travel
Cllr Tim Ball	Cabinet Member for Neighbourhood Services
Cllr Alison Born	Cabinet Member for Adult Services
Cllr Mark Elliott	Cabinet Member for Resources
Cllr Paul May	Cabinet Member for Children Services
Cllr Matt McCabe	Cabinet Member for Built Environment and Sustainable Development
Cllr Manda Rigby	Cabinet Member for Highways
Cllr Paul Roper	Cabinet Member for Economic and Cultural Sustainable Development
Cllr David Wood	Cabinet Member for Neighbourhood Services

## How the council has fulfilled the principles of good governance.

### Review of the council's Code of Corporate Governance

As explained above, the council's Code of Corporate Governance is made up of the arrangements that the council has in place to deliver the requirements of each principle of the framework.

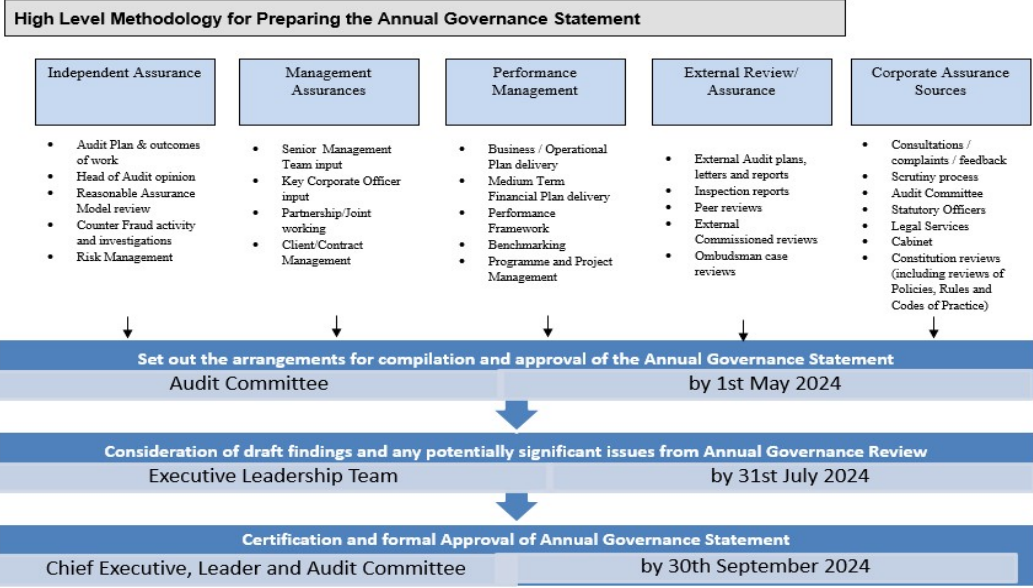
In preparing this Annual Governance Statement the Council has:

- reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance.
- thereby assessed the effectiveness of the council's Local Code of Corporate Governance.
- taken into consideration the findings of external inspection agencies and the Chief Audit Executive's formal opinion on the internal control framework.

The remainder of this document sets out some key aspects of how the council has complied with the principles set out in the Framework during 2023/24, however it is not intended to be exhaustive.

**4. Review of Governance Framework**

The council formally review the effectiveness of its governance framework and the methodology to carry out the annual governance review is recorded below.



A key component of the review is using the adopted 'Reasonable Assurance Model' to assess the level of assurance in place over eight themes.



Each theme has a set of questions and the answers to these questions help assess the level of assurance and the level of risk for each theme. The Reasonable Assurance Model informs the Internal Audit Annual Plan and also enables an assessment of compliance with the seven principles of good governance as recorded in the council's Local Code of Corporate Governance.

The Local Code was adopted by the Council at its meeting of 10th May 2018 and a copy of the Code is accessible through the Council's website at

<http://www.bathnes.gov.uk/content/bathnes-local-code-corporate-governance>

The Code has been reviewed and updated and consultation is underway to formally adopt the 2024 version.

An explanation – but not exhaustive list - is now provided on how the authority has complied with its Local Code – the seven principles of good governance.



## 5. Principles of our Governance Framework

### **i. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

#### Behaving with integrity

Bath & North East Somerset Council has both a Members Code of Conduct and an Employees Code of Conduct which the respective individuals are required to adhere to in their respective roles. The Member's Code is recorded within the Council's Constitution (Part 4). The Employees Code of Conduct is accessible through the council's intranet (HR + Payroll / HR Policies) and this was revised and updated in June 2021.

All members of the council are obliged to sign an "acceptance of office" and following election to office they have a full induction and training programme, including the Members' Code of Conduct. Dependent on the roles allocated to members additional tailored training is provided. The council's Monitoring Officer is overall responsible for member induction and support services for elected members. Part 3 of the Constitution records the 'Procedural Rules' of the Council. Members are required to declare interests and this and the Councillors attendance record and declarations at meetings are recorded against their individual Councillors page accessible through the council's internet webpages. Councillors receive an annual reminder from the Monitoring Officer about the need to review and update their register of interests and that it is a legal requirement to declare and register all disclosable pecuniary interests - under the Localism Act 2011, failure to register any disclosable interests within 28 days is potentially a criminal offence.

Officers sign contracts of employment and are required to complete a probationary period of employment as standard. All relevant HR policies are in place and made available from the Council Information Service (intranet). These include a formal disciplinary procedure, a Whistleblowing Policy, Information Governance Policies, Counter Fraud Strategy bringing together the Council's Anti-Fraud and Corruption Policy, Anti-Bribery Policy and Money Laundering Policy under one umbrella. The council maintains electronic registers of interests and gifts & hospitality for staff.

#### Demonstrating strong commitment to ethical values

Bath & North East Somerset Council maintains a Standards Committee which under the Constitution (Part 2) records the Committee's Terms of Reference. The Terms of Reference includes:

- Promote and maintain high standards of conduct by councillors; parish councillors; co-opted members and church and parent governor representatives,
- Oversee the effectiveness of the council's constitutional arrangements from an ethical perspective and make recommendations to the council on any desirable or necessary changes.

The Committee is scheduled to meet every three months if required, but it only met twice in 2023/24. A report of the Committee is presented to Council at least annually and the last annual report for the year April 2022 to March 2023 was submitted to the 20th July 2023 Council meeting. It recorded that Committee comprised of 12 members (5 B&NES Councillors, 1 Parish Councillor (2 vacancies) and 3 independents (4 served during the 2022/23 year -1 serving part year and 1 appointed March 2022)). Following the May 2023 elections there was a change of the B&NES councillor membership with 4 out of the 5 being replaced. The Committee has 2 Independent Persons who are non-voting observers. To maintain the non-political nature of the Committee and maintain trust and confidence in its operation the Committee operates with one of the independent persons taking the chair.

In addition to basic training through the Authority's Member Induction Programme training sessions on the Local Government Association Model Code of Conduct for Members (adopted by B&NES in 2021) were held in the Autumn of 2023.

At each meeting, the Committee monitored its work plan and noted the current position of complaints using the complaints tracker. The number of complaints reduced to 15 in 2022/23 from 18 the previous year, this was in line with the average number of cases per annum. In terms of outcomes – 'No Action Required' for 7 cases, 5 cases were 'withdrawn / rejected' and 3 were found to have 'no breach' of the Code of Conduct.

The Code of Conduct for Members and Co-opted Members makes specific reference to the need to adhere to seven principles of public life (the Nolan principles).

All formal meetings of the Council require declarations of interest from Members as a standing item and meetings are minuted / recorded.

#### Respecting the rule of law

The Council's Constitution sets out the legal requirements around Council business including decision making. Guidance is available on both the Council's Information Service (Intranet) and public accessible website (Internet) to guide Officers in ensuring that decisions are taken by the appropriate Committee, Member or Officer (Part 2 of the Constitution – Responsibility for Functions and Delegation Schemes). The Constitution is reviewed by a Constitution Working Group and amendments are recommended to Full Council to ensure it remains fit for purpose and is legally compliant.

All reports requiring decision must be cleared by the council's S151 and Monitoring Officers. The adopted report template requires the author to record 'Statutory Considerations' and there is a separate 'Equalities' section. The 'Statutory Considerations' section should contain details of any relevant considerations regarding specific council statutory responsibilities and also more general legal requirements. This section is required to specify the legal power or duty that authorises any decision requested by the report to be made. Specific report writing guidance is available to Officers to provide clarification of actions required.

Councils have a key role to play in tackling modern slavery, including in identifying and supporting victims and working in partnership locally. Their role is to:

- 1) Help identify and refer victims,
- 2) Support victims – safeguarding children and adults with care / support and provide housing services,
- 3) Provide community safety services,
- 4) Ensure supply chains used for procurement of goods and services are free from modern slavery.

At the cabinet meeting of 20th May 2021, a Modern Slavery Statement was agreed. This Statement signed by the Leader of the Council and Chief Executive is published on the Council's public website.

All Council contracts must comply with the Council's Contract Standing Orders and guidance from specialist procurement and legal Officers is available to comply with legal requirements, e.g., The Public Procurement Act (Amendment etc) (EU Exit) Regulations 2020. The Procurement Act 2023 received Royal Assent on 26th October 2023 and will come into force on 28th October 2024. The council's procurement team have provided training to officers to ensure compliance with new requirements.

Additional guidance is available to members and officers to ensure compliance with other legislation including:

- Proceeds of Crime Act 2002 (e.g. Anti-Money Laundering Policy 2019)
- Bribery Act 2010 (e.g. Anti-Bribery Policy 2019)

The Council also considers Motions submitted by political groups / Councillors, e.g. 30th November 2023 Liberal Democrat Group motion on the Climate Commitments which called for the Leader of the Council to write to the Prime Minister to express concern about changes in policy and to join with other councils to challenge Government policy change.

# ANNUAL GOVERNANCE STATEMENT 2023/24

## ii. Ensuring openness and comprehensive stakeholder engagement.

### Openness and engaging with individual citizens and service users effectively

Part 3 of the Constitution (Procedural Rules) records the 'Access to Information Procedural Rules'. It details, rights to attend meetings; notice of meetings being held; access to agendas and reports; provision of agenda and report copies; access to meeting minutes; and rules around the exclusion of access by the public to meetings. Part 1 of the Constitution records the 'Residents Rights & Responsibilities' and summarises the public's right to attend meetings, make submissions to meetings / cabinet members and inspect documents.

Key decisions are all recorded and accessible to the public and the templates for decisions require officers to provide all necessary and pertinent information to make an informed decision. The cabinet forward plan of business is published in advance in accordance with access to information requirements.

To help ensure decision making rules are followed, an intranet page provides officers with information about the stages to be followed for single member, cabinet, officer and urgent decisions.

The council's website contains information about services and provides easy access key links such as 'Cabinet Decisions'.

We monitor compliance with the Department for Communities and Local Government Transparency Code and the Transparency page on the internet provides the links to access business operations and outcomes (such as payments to suppliers / expenditure over £500) as required by the Code.

We are very open with our communications and digital communication channels are used including a library of webcasts e.g. Council, Policy Development and Scrutiny Panels and Cabinet meetings. The council and its services use social media such as Twitter, Facebook, and Instagram. Webinars have been produced and archived on YouTube – e.g. Race Equality Charter Progress (6th February 2024 and Retrofitting Listed Buildings (25th April 2024). A weekly e-connect newsletter is produced and can accessed through the public website. Council Staff also receive a weekly communications e-mail.

### Engaging Comprehensively with Institutional Stakeholders

Our strategic partnership landscape has changed significantly with the Health Clinical Commissioning Groups transitioning to Integrated Care Boards, further development of the West of England Combined Authority and an Area Forum structure in place and operating to help engage with local communities. There are currently three Area Forums and these are made up of Bath & North East Somerset elected members, parish councils, local groups and residents. The forums set their own priorities based on an understanding of local needs.

The Parish Charter provides a framework between the Council and the 51 parishes across the area for working together. We have a common purpose to promote the wellbeing of B&NES, and we serve the same residents. The council consults with parishes on matters which affect their area and residents.

The council has consultation webpages which records current, future and closed consultations plus a consultation results section. Some of the key consultation / engagement work carried out over the last year include:

- Local Plan Options: (12 February 2024)
- Revised plans to facilitate development of the Somer Valley Enterprise Zone (22nd September 2023).
- Somer Valley Links - Transport (30th June 2023)
- Emission Based Parking Charges (13th July 2023)
- Improvements for Keynsham Woodland (15th May 2023)
- Funding New Community Projects (19th October 2023)

Partnership working with our health and West of England partners is of critical importance in both service delivery and in shared financial efficiencies. NHS England has challenged the health and care system to develop a Sustainability and Transformation Plan (STP) and the council has been fully engaged in the STP development process. The Integrated Care Board (ICB) and B&NES Council are continuing to pool budgets. The Health & Wellbeing Board is responsible for preparing a Joint Health and Wellbeing Strategy and reviewing and reporting on health and social care commissioning. The council and ICB are represented on the Board.

Following the transfer of functions to the West of England Combined Authority (WECA) on 1st February 2017 the Authority represents Bath and North East Somerset Council, Bristol City Council and South Gloucestershire Council. A Joint Committee, Overview & Scrutiny Committee and an Audit Committee assist in the good

## iii. Defining outcomes in terms of sustainable, economic, social and environmental benefits.

### Defining outcomes

At the 20th July 2023 Council Meeting, Bath & North East Somerset Council adopted the Corporate Strategy 2023-27. The 2023-2027 Corporate Strategy retains the purpose, policy and principles set out in the Corporate Strategy adopted in February 2020. The single overriding purpose – to improve people's lives.

The new Corporate Strategy introduced nine priorities which set out how people's lives will be improved over the four years period. These reflect the priorities of administration elected in May and build on work to implement the current Corporate Strategy over the last three years. They also reflect how the council will pursue the delivery of shared outcomes agreed with partners through our Health and Wellbeing Strategy and the Future Ambition Board's "One Shared Vision".



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The nine priorities are:

- **The right homes in the right places** - improving availability of affordable housing, accessible to local jobs and services
- **More travel choices** – making it easier for people to walk, wheel and use public transport to reduce transport emissions
- **Clean, safe and vibrant neighbourhoods** - working with local communities to promote civic pride and preventative approaches
- **Support for vulnerable adults and children** – securing safe, effective services that meet the needs of our changing population
- **Delivering for our children and young people** – working with our partners to narrow the early years attainment gap
- **Healthy lives and places** – working with health and other partners to tackle inequalities, promote healthy places, and support people to live healthier lives
- **Good jobs** - aiming to increase the median wage in a regenerative economy
- **Skills to thrive** - an inclusive economy where prosperity is shared
- **Cultural life** - valuing and developing its contribution to Bath and North East Somerset.

The Strategy's outcomes framework provides a clear way of assessing plans and activities; drawing on the 'doughnut economics' model it contains:

- A climate, ecological and environmental ceiling – linked to the core policy of talking the climate and ecological emergency.
- A social and economic foundation - linked to the council's priorities.
- A space for local communities and organisations to collaborate and innovate - linked to the core policy of giving people a bigger say.

### Sustainable economic, social and environmental benefits

The Capital Programme 2023 includes investments that provide economic, social and environmental benefits including: Bath Quays development; Bath Western Riverside development, highways maintenance; cycling / walking routes and school improvement / expansion.

The council's wholly owned property investment company, Aqueus Development Ltd (ADL) and its subsidiary company ACL, develop, deliver, own and manage property as well as delivering new development.

#### **iv. Determining the interventions necessary to optimise the achievement of the intended outcomes.**

##### Determining interventions

As stated earlier in the Statement the council's decision-making processes are set by its Constitution and citizens and service users are consulted where appropriate prior to decisions being taken.

The decision-making process requires objective and rigorous analysis of options and associated risks. A Risk Management Strategy and Toolkit has been adopted and this provides guidance on the assessment of risks related to recommended actions / decisions.

The Monitoring and S151 Officers are consulted on all decision-making reports, and they are able to provide their professional opinion on the matter being reported and actions / decisions to be taken.

##### Planning interventions

The council's Forward Plans set out clearly the forthcoming business that will be taken to the relevant decision-making committees and by key officers and members. This includes dates of cabinet meetings and anticipated dates for Single Member Decisions. The council conforms to all legislation and best practice in publishing plans in advance of meetings etc.

##### Optimising achievement of intended outcomes

The Medium-Term Financial Strategy (MTFS) outlines how the council's budget will be delivered over the medium to long-term. The MTFS for B&NES spans two years with a further three added to show the likely longer-term picture.

Linked to the MTFS and the annual budget process the council's S151 Officer is required to make a statutory statement (Section 25 of the Local Government Act 2003) on the robustness of estimates and adequacy of reserves for the budget year and Financial Plan. The Directors review and completion of Robustness Statements and other financial management processes including the provision of qualified and experienced financial staff to support service areas is considered by the S151 Officer as part of the statement.

The council's Capital Programme includes a number of economic projects including Bath Quays designed to increase opportunity and prosperity.

#### **v. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

##### Developing the entity's capacity

The development and maintenance of an integrated reporting framework is helping management to review operations, performance and use of assets. The financial challenge and the on-going need to seek budgetary savings are having a direct effect of the council's ability to maintain and develop its capacity. Service areas including libraries and youth are proactively looking for volunteers to help with non-statutory service provision.

##### Developing the capability of the entity's leadership and other individuals

A full member induction programme was provided to all members elected on the 4th May 2023. The focus for new councillors was for them to understand how the council works and the key services it provides. Tailored training has and will continue to form part of the training programme to assist members in carrying out their roles and responsibilities.

For council managers 'Leading and Managing Together' sessions are held weekly / fortnightly to provide a networking and communication forum.

In May 2022 a new Performance Management and Personal Development portal called Clear Review was launched and this is now in use council-wide. This system is to support staff across the organisation in objective setting and identifying ways to support staff in their personal development and growth. The Clear Review platform is configured to meet our organisational service delivery objectives as well as incorporating individual personal and professional goals and feedback.

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## vi. Managing risks and performance through robust internal control and strong public financial management.

### Managing Risk

The council has adopted a Risk Management Strategy and Toolkit which was endorsed by the Bath & North East Somerset Council's Cabinet Member, the council's Chief Executive and the Corporate Audit Committee (7th February 2019). The Strategy document records key activities and frequency, and the toolkit provides detailed guidance on risk management processes.

The council continues to raise awareness of the importance of good risk management and embed the adopted processes. Directors give on-going assurance to the Chief Executive regarding the management of risks within their area of service delivery. Risk management objectives are monitored through the Corporate Audit Committee in line with its terms of reference to evaluate the effectiveness of the risk management strategy and framework.

The Corporate Risk Management Group meet quarterly. Its purpose as recorded in its Terms of Reference is to have oversight of risk management activity on behalf of the Corporate Management Team; maintain an overview of the Risk Management Strategy; review risk registers maintained – Corporate, Directorate and Projects; and to receive reports from legal, insurance, information governance, complaints and Internal Audit to monitor issues and potential risks.

The council has developed a Cyber Security (CySec) Governance Framework for managing risks that are posed by ever increasing cyber threats. The strategy and governance for cyber security across B&NES is set by the IT Steering Group, which reports to the Corporate Management Team. Tactical and operational management of cyber security is overseen by the Cyber Security Operational Group (CySoG).

### Managing Performance

Performance Management has been overhauled and is aligned with the Corporate Strategy 2023-27 and the Corporate Delivery Programme. Quarterly performance information and business intelligence is now being recorded and fed back to Senior Management to enable clear oversight, accountability and action.

The council has an Integrated Reporting Framework (IRF) which is a set of PowerBI dashboards which are now being successfully used as the portal for all corporate business intelligence. The IRF is on the council intranet and all officers have access, it includes the following information.

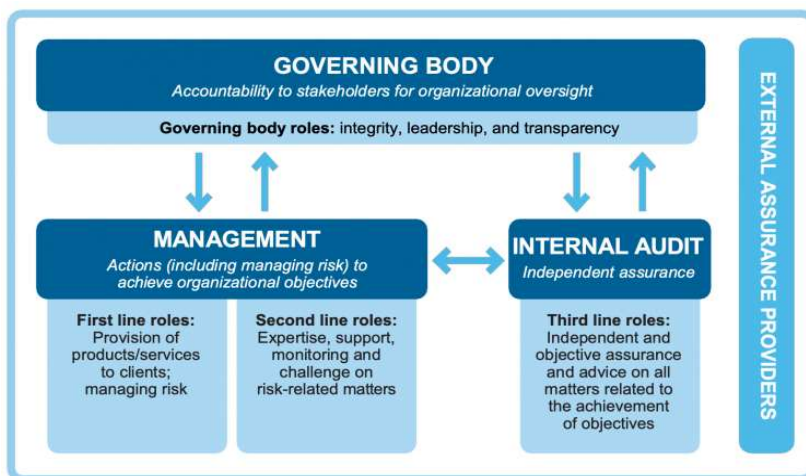
- Directorate Dashboards including key performance indicators
- Corporate and Directorate risk registers
- Contracts and commissioning intentions
- People/Human Resources data
- Geographical Information System
- Local facts and figures

The IRF is used by Directors to successfully manage their services and feeds into the corporate reporting process. This year the council's new employee performance management system Clear Review will be linked to the dashboards, this will allow us to report on successful management of officer's performance and personal objectives as well as the delivery of the Council Service Plans.

Each quarter a key set of strategic indicators is reported to cabinet, this basket of 22 key indicators is used to give an overall picture against the delivery of the council Corporate Strategy. The Corporate Scrutiny Panel also receives corporate performance reports aligned with the reports to Cabinet.

### Robust Internal Control

The council's system of internal controls is managed and monitored through the 3 lines of defence and the External Auditor and other Inspectors.



The review and monitoring of internal controls by Internal Audit and other 'independent' inspectors are subject to risk assessment to ensure that resources are focussed on reviewing the controls associated with higher risk areas.

The Corporate Audit Committee Terms of Reference includes approving the Internal Audit Plan within the budget agreed by the council and to monitor its delivery and effectiveness (including the implementation of audit recommendations). It has been agreed that in addition to receiving internal audit plan update reports which includes recording the assurance level allocated to all 'final' version internal audit reports, a more detailed explanation of findings (weaknesses and recommendations) and management response is provided to the Committee on any reports assessed as Assurance Levels 1 (No Assurance) or 2 (Limited Assurance).

The council's Financial Regulations require members and staff to inform the Chief Finance Officer and / or the 'Chief Audit Executive' immediately of any suspected financial irregularity. This enables the Internal Audit function to investigate all reported cases promptly to ensure the integrity of the system of internal control and to deal with the issues related to the matter reported.

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### Managing Data

Bath & North East Somerset Council supports the objectives of increasing openness, accountability and transparency in the public sector.

Since the introduction of the Freedom of Information Act in January 2000, the Council has been committed to a proactive approach regarding access to information.

On the 25th of May 2018, Parliament enacted the Data Protection Act 2018 which is built on the European General Data Protection Regulations (GDPR).

The council is responsible for a wide range of local functions that affect the everyday lives of residents. Information held by the council is therefore of great relevance and interest to the public. A list of the information regularly made available by the council to the public can be found in the Council's Publication Scheme.

Members of the public can submit a subject access request or a Freedom of Information request through the public website (submission of an electronic form) or by writing to the council.

Members and staff can access guidance and training through the Council's Intranet. There is a comprehensive framework of Information Governance Policy that includes: Data Protection, Acceptable Use, Information Security, Information Sharing, and Security Incident Management Policy.

Information Sharing Agreements are maintained with public sector partners to ensure the effective and efficient secure sharing of information. When data is processed by a private sector body contracts include the relevant data protection, confidentiality and FOI clauses.

### Strong public financial management

The role of Chief Financial Officer (S151 Officer) is carried out by Andy Rothery who was appointed in March 2020.

The S151 Officer has confirmed that the principles outlined in the CIPFA Statement on the Role of the Chief Financial Officer (s151 Officer) in Local Government have been complied with in performing their duties. The S151 Officer is a member of the Executive Leadership Team and Corporate Management Team. Membership of these groups ensures the Chief Financial Officer can develop and implement strategic objectives and influence material business decisions. The Chief Financial Officer is a CIMA / AAT qualified accountant, and the Finance Service has suitably qualified and experienced personnel in all senior positions.

As part of good governance, the finance function has also carried out an initial assessment against the CIPFA Financial Management Code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.

All decision papers for Committees, and cabinet member require S151 financial sign-off before the decision can be taken.

Financial updates are reported to cabinet and the Corporate Policy Development and Scrutiny Panels, and this quarterly budget monitoring reports and outturn reports.

The latest version of the Council Financial Regulations and Budget Scheme was approved on the 13th September 2018.

The council's Statement of Accounts 2022/23 was presented to the 22nd November 2023 meeting of Corporate Audit Committee. The Committee approved the audited Statement of Accounts, including the Letters of Representation for both Bath & North East Somerset Council and the Avon Pension Fund for 2022/23, subject to, any amendments necessary upon quantification of the impacts of any issues arising from the ongoing work by the external auditors, that the Chair of the Corporate Audit Committee and the Chief Finance Officer make arrangements to sign the Statement of Accounts for 2022/2023 as representing a "true and fair view" of the financial position as at 31st March 2023.

The External Auditors Annual Report on the Council was presented to the Corporate Audit Committee meeting held on 22nd November 2023. Under the Local Audit & Accountability Act 2014 (and National Audit Office Code of Audit Practice) the external auditor is required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. To record any significant weaknesses found relating to components of the Value for Money arrangements and / or any improvement recommendations.

The Budget and Council Tax 2024/25 and Financial Outlook Report was taken to Council at its 20th February 2024 meeting by the Chief Financial Officer. The Budget Report is a formal report and is part of a continuum of professional advice and detailed work carried out with Directors, Senior Managers and their teams and Members. The Medium-Term Financial Strategy (MTFS) 2024/25 to 2028/29 was approved by cabinet on 9th November 2023 and sets out the strategic direction and priorities for the council as well as outlining the financial context and challenges the council faces over a five-year period and the strategy to be used to inform its annual budget process. The 2024/25 budget takes into account the forecast out-turn for 2023/24 and estimates for 2024/25. Directors produce Robustness Statements outlining savings and delivery risks which are incorporated into a corporate wide assessment. The Chief Financial Officer concluded that the estimates for 2024/25 were robust, the budget was lawful, and levels of balances improved and would be adequate and reasonable in meeting the council risks.

## ANNUAL GOVERNANCE STATEMENT 2023/24

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### vii Implementing good practices in transparency, reporting and audit, to deliver accountability.

#### Implementing good practice in transparency

Transparency is a key condition and driver for the delivery of council services. As a publicly-funded organisation, we have a duty to our residents to be transparent about our business operations and outcomes and we have a transparency webpage.

Committee meetings and reports are easily accessible through the council's website.

#### Implementing good practices in reporting

Reporting is required to assist the council's decision-making process. The constitution requires decisions to be taken by an appropriate committee, Cabinet Member or officer and requires 'sign-off' by the Council's S151 and Monitoring Officers, or their nominated representatives.

Officers write reports to assist understanding of the matter / issues and provide clarity regarding what is being asked of the recipient of the report, including recommended actions.

The annual governance review which has been carried out to produce this statement requires a robust methodology to be followed to enable a statement to be published within the statutory statement of accounts.

#### Assurance and effective accountability

The Council delegates to the Corporate Audit Committee responsibilities and these are recorded in its Terms of Reference which is accessible through the Council's public webpages. Responsibilities include:

- Approving the council's Statement of Accounts and Annual Governance Statement
- Approving the External Auditors Plan, monitors its delivery and considers findings and recommendations.
- Approving the Internal Audit Plan and monitoring its delivery.
- Review risk management arrangements and key governance policies and procedures.

The Committee reports annually to Council on its work.

The Corporate Audit Committee are aware of the Public Sector Internal Audit Standards (2016) and the need to amongst other requirements to agree and approve an Internal Audit Charter. The Charter is reviewed each year and updated as necessary and is formally approved by the Committee. The Internal Audit Charter states that the Chief Audit Executive (Head of Internal Audit) and Internal Audit is responsible for carrying out an appraisal of all Council activities, carrying out audits and other assurance work to be able to deliver an annual audit opinion.

Annually the Chief Audit Executive reviews compliance with the Public Sector Internal Audit Standards (PSIAS) and evaluates internal auditor's compliance with the Code of Ethics. A self-assessment exercise was carried out in 2022 and this was subject to external independent review in line with best practice which requires an external assessment every 5 years. The Devon Audit Partnership report provided a 'Generally Conforms' assessment which is the top rating and means that the internal audit service has a charter, and policies and processes that are judged to be in conformance to the Standards.

#### **PROCESSES FOR MAINTENANCE AND REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK**

The process for the Annual Governance Statement is a continuous process and senior officers and Members consider emerging issues during the course of the year. This means that controls issues and risks can be addressed more quickly.

Publication of this Annual Governance Statement is the culmination of this work. The council's Chief Executive Officer signs the Statement as a summary of the effectiveness of the council's governance framework.

# ANNUAL GOVERNANCE STATEMENT 2023/24

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## OTHER CONTRIBUTORY REVIEW / ASSURANCE MECHANISMS

In evaluating the effectiveness of the council's governance, information is available from a wide range of sources. These include the Internal Audit Service, the Information Governance Group, the External Auditors, inspectorates such as the Care Quality Commission and directorates themselves.

Audit West in conjunction with Statutory Officers reviews the effectiveness of the governance framework during the year and the draft Annual Governance Statement. The Statement is signed by the Chief Executive and Leader of Council and formally reviewed by the Audit Committee as part of the Financial Statements.

Key risks have been kept under review during the year and will continue to form an ongoing focus for successful delivery of the council's plans. The council's Corporate Risk Register has been maintained throughout the year and includes 26 risks as at Quarter 3 2023/24 linked to the following –

- Partnership Working
- Public Transport
- Home to School Transport
- Housing
- Infrastructure / Asset Management
- Project Delivery
- Climate Emergency – Adaptation & Resilience / Reducing Emissions
- Statutory Compliance – landlord responsibilities
- Safeguarding
- Social Care
- Resource Management
- Transformation
- Customer Contact
- Commercial Income
- Information Technology / Cyber Security
- Procurement
- Financial Planning & Management
- Workforce Development / Resilience
- Organisational Development
- Health & Safety
- Public Health
- Pension Fund Stability
- Corporate Governance
- Elections

### Chief Audit Executive - Internal Audit Opinion

Internal Audit has not reviewed all risks and assurances relating to Bath & North East Somerset Council during 2023/24 and cannot provide absolute assurance on the internal control environment. Senior management and members are ultimately responsible for ensuring an effective system of internal control. In terms of breadth of coverage, audit work has been performed across the Council's key services and in relation to its strategic risks.

Recruitment and retention of internal audit professionals has been an issue in 2023/24 and this has resulted in amendments to the internal audit plan. However, sufficient internal audit work has been carried out and it's my opinion taking into account the wider governance framework including assurances provided by other reliable sources such as the council's External Auditor, that the council's internal control framework and systems to manage risk are reasonable.

The council's internal control framework and systems to manage risk had not altered significantly from the previous year.

- Reasonable assurance can be provided over the council's systems of internal control, helping to ensure corporate priorities can be achieved.
- There were not any significant reported breaches of the council's policies, including Financial Regulations and Contract Standing Orders.
- Managers throughout the council were aware of the importance of maintaining adequate and effective governance arrangements.
- Appropriate arrangements were in operation to prevent and detect fraud and audit reviews and investigations did not identify any systemic failures.
- Senior Management -led by the Chief Operating Officer as risk management sponsor – demonstrate a pro-active approach to the fundamental themes of good governance and risk management.
- There were no fundamental system failures or control breakdowns to business - critical functions.

Financial pressure on the council continues and in addition to the implications of Brexit and the Covid-19 pandemic, the economy has been impacted by the on-going conflicts in Ukraine and the Middle East which have added inflationary pressures to council budgets. The financial challenge is a significant issue and the related risks need to be managed.

It is important to maintain an effective framework of internal control, risk management and governance to manage risks and provide services to achieve the Council's objectives. An effective Internal Audit service is a vital component of the council's governance, providing the third and final line of defence.

Signed:



Andy Cox  
Chief Audit Executive  
1st May 2024

## ANNUAL GOVERNANCE STATEMENT 2023/24

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### CONCLUSION & CERTIFICATION

As laid out in the statement the Council's governance arrangements have been reviewed and considered in line with the CIPFA/SOLACE code of practice. To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2023/24. Significant governance issues identified through the Annual Governance Review are recorded in Section 6.

We propose to take actions to address the issues raised with the objective of enhancing the Council's governance arrangements. The issues and related actions will be monitored as part of the annual governance review process.

SIGNED BY:



**KEVIN GUY**

**LEADER OF THE COUNCIL**



**WILL GODFREY**

**CHIEF EXECUTIVE**

DATE: 27th November 2024



# ANNUAL GOVERNANCE STATEMENT 2023/24

## 6 Significant Governance Issues 2023/24

Issue in 2023/24	Commentary & Mitigating actions for 2024/25
<p><b>1. Financial Challenge – Service Demand and Cost Pressures</b></p> <p>Based on the Revenue Budget Monitoring (April to December 2023), the budget outturn for 2023/24 was forecast to be £1.84m over budget. Demand-led placement and package costs continue to cause a significant pressure in Children’s Services. Combined with pressures on Home to School Transport. The forecast for Children Services was £4.47m over budget position.</p> <p>Pressures were not just being felt in social care but also in other service areas including - Corporate Estate (costs of vacant buildings and maintaining the estate); Commercial Estate (reduced income); Homelessness (temporary accommodation costs). In addition to cost pressures income shortfalls in services added to the adverse forecast financial position.</p> <p>Increased income from Heritage and a reduction of capital financing costs partially mitigated pressures.</p> <p>Savings delivery was monitored closely, and management action plans identified if delivery was at risk. Services responded to the earlier significant adverse £6.5m forecast overspend reported in Quarter 2 monitoring by reducing discretionary spend, holding staffing posts vacant where viable to do so, and maximising the use of external funding sources. This reduced the forecast overspend considerably, but nevertheless an over budget position was still forecast.</p> <p>Directors continued to focus on mitigation plans during the final quarter of the year with the final outturn reporting the improved position of £0.1m overspend (after carry forwards) which was funded by utilising the Council’s Revenue Budget Contingency Reserve.</p>	<p>The Council’s 2024/25 budget was approved by Council on 20th February 2024. The paper to Council included savings and income generation proposals for 2024/25 to 2026/27 (£16.42m for 2024/25).</p> <p>Key components of the budget included:</p> <ol style="list-style-type: none"> <li>1) Increasing Council Tax to 2.99% and an Adult Social Care Precept of 2.00%</li> <li>2) Children’s Services Management Plan</li> <li>3) Efficiency Strategy (flexible use of capital receipts &amp; savings projects)</li> <li>4) Schedule of asset disposals and delegation of disposal decision to Officers and relevant Cabinet Portfolio Holder.</li> <li>5) Increase in fees and charges</li> </ol> <p>Children Services Management Plan key priorities include:</p> <ul style="list-style-type: none"> <li>• Enhancing elements of early help and prevention, to include further strengthening family group conferencing and reunification.</li> <li>• Continued focus on recruiting in house foster carers and supported lodgings providers.</li> <li>• Provision of local residential accommodation and education arrangements, linked to the Dedicated Schools Grant Safety Valve Programme.</li> <li>• Develop arrangements for young people as they move from children to adult services.</li> <li>• Refresh workforce strategy.</li> <li>• Improving financial management, decision making, controls and governance across teams and functions.</li> </ul> <p>Improvement recommendations included in the External Auditors Annual Report (2021/22 &amp; 2022/23) included:</p> <ul style="list-style-type: none"> <li>• monitor and report on the amount of non-recurrent savings planned and delivered each year (linked to current reliance on vacancy management rather than permanent removal of posts from the establishment).</li> <li>• ensure it takes advantage of the Transformation Programme (four workstreams – customer experience; children services; corporate landlord model; and, working well together) to consider service redesign and identify savings for 2024/25 and beyond.</li> <li>• strengthen the Medium-Term Financial Strategy by including more detailed sensitivity and scenario analysis of the key financial risks and key demand pressures facing the Council.</li> </ul>
<p><b>2. Children Services – Dedicated Schools Grant Deficit &amp; the Safety Valve Agreement</b></p> <p>The DSG is a ring-fenced budget which is allocated in four blocks: schools, early years, high needs and central school services. Since 2019/20 the council has spent more than the funding provided and has been in a deficit (overspend) position. This deficit is attributable to the high needs block, i.e. to fund services to those with special educational needs and disabilities.</p> <p>The Department for Education (DfE) established two programmes to support councils who have large deficits within their DSG high needs block: the Safety Valve (SV) and the Delivering Better Value programmes. In 2022/23, B&amp;NES Council was successful in being accepted into this programme and the SV agreement and recovery plan were agreed with the DfE in January 2023, with ministerial approval granted in March 2023.</p> <p>The council was successful in securing £19.22m. The council received £7.68m in March 2023 and the remainder is payable in stages over six years based on the DSG Recovery Plan. The B&amp;NES Council recovery plan agreed with the DfE set out to save £48.2m over 6 years to 2028/29.</p> <p>During Q2 2023/24, the council reported slippage against the plan which has resulted in a DfE review and pausing of the safety valve payments. The cumulative deficit balance at the end of the 2023/24 financial year was £22.3m.</p>	<p>The council has been categorised by the DfE as requiring enhanced monitoring as the savings planned for 2023/24 did not materialise fully. This was mainly due to the continued significant increases in requests for assessment for EHCPs.</p> <p>The Enhanced monitoring process requires the LA to resubmit its recovery plan and the LA is currently negotiating with DfE financial and SEN advisers some of the details of that new plan. The enhanced monitoring regime also pauses the payments of the Safety Valve funding (£19.22m) until a new plan is agreed with the DfE.</p> <p>The plan is due to be submitted to the DfE at the end of May 24. The LA has used external consultants to challenge and support the development of the new plans and the feedback received has been positive.</p> <p>Extensive work has been completed to reestablish good practice across the SEND services to ensure decisions are taken in accordance with the legal requirements but also ensuring financial efficiency where possible.</p> <p>The new safety valve agreement sets out the continued investment across the SEND services in both staffing and service delivery along with capital investment to establish local efficient school places for pupils with SEN.</p> <p>It is anticipated that the new plan will create a new timeframe for the recovery programme and will allow the DfE to reinstate the payments of the safety valve funding to the LA.</p>

# ANNUAL GOVERNANCE STATEMENT 2023/24

## 7 Update on Significant Governance Issues 2022/23

Issue in 2022/23	Update on Mitigating Actions
<p><b>1. Financial Challenge – Inflationary Pressures</b></p> <p>The council's 2023/24 Medium Term Financial Strategy recognised the budgetary impact of rising inflation on the cost of Council services.</p> <p>The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to September 2022, up from 9.9% in August 2022. On a monthly basis, CPI rose by 0.5% in September 2022, compared with a rise of 0.3% in September 2021.</p> <p>The CPI rate to March 2023 was 10.1%.</p> <p>The high levels of inflation have impacted on the cost of running the council and its budgets, resulting in an increase in staffing costs for employed and contracted employees, also on its supplies and services provided through contracts.</p> <p>Financial recovery plans were put in place to enable the Council to respond to the budgetary pressure from rising costs, the material areas of inflation include the Council's pay bill c£2.6m, pressures in Children's Services c£4.8m and Home to School Transport £0.8m.</p>	<p>The Council's 2023/24 budget has rebased budgets in service areas that are at risk of rising demand and increases in contract costs.</p> <p>The material items requiring additional funding on top of annual budget adjustments are listed below, this illustrates some of the economic and financial challenges the Council is facing post pandemic and as a result of rising inflation.</p> <ul style="list-style-type: none"> <li>• Investment in Neighbourhoods services £1.9m</li> <li>• Children's Services budget rebasing £2.46m</li> <li>• Education Services budget rebasing £1.6m</li> <li>• Home to School Transport £1.1m</li> </ul> <p>In total the 2023/24 budget had £17.52m of adjustments for inflationary pressures, budget rebasing and demand changes.</p> <p>Due to the risk exposure and volatility in the current economic climate the Council undertook an assessment of unfunded budgetary risk on its reserve levels and set a unearmarked general reserve of £12.58m. This is held as a corporate mitigation in the event of an over budget position, the first step will be to mitigate any unfunded pressures through cost and income recovery plans from within the current approved budget.</p> <p>The budget rebasing and inflationary pressures income and savings plans (totalling £14.38m) was made up of:</p> <ol style="list-style-type: none"> <li>1) Income generation plans of £5.09m.</li> <li>2) Cost reduction plans of £9.29m.</li> </ol> <p>Due to the level of income and savings plans required to balance the budget, the Council's Corporate Management Team are regularly reviewing and monitoring delivery against these targets so risks can be identified and managed accordingly.</p> <p>At Q2 of 2023/24 a revenue overspend of £6.5m was being forecast including demand led pressures in Children's Services of £4.6m and Adult Social Care of £3m.</p> <p>In response to this position management actions were implemented including reducing discretionary spend, holding staffing posts vacant where viable to do so, and maximising the use of external funding sources. These actions in addition to lower borrowing costs and the release of corporate contingency contributed to a reduction in the forecast overspend to £1.8m at Quarter 3 with further improvement in the final quarter resulting in a net overspend position of £0.1m (after carry forwards) at outturn.</p>

# ANNUAL GOVERNANCE STATEMENT 2023/24

Issue in 2022/23	Update on Mitigating Actions
<p><b>2. Children Services – Service Demand and Increasing Costs</b></p> <p>At the end of December 2022, the Council was predicting a £4.8m overspend in Children's Services.</p> <p>The pressures on the service and the Council are nationally recognised and many Councils are reporting significant overspends.</p> <p>The factors contributing to this Children services issue are well documented and include:</p> <ul style="list-style-type: none"> <li>• Demand for early help services outstripping commissioned service capacity</li> <li>• Increase of 32% in number of children being looked after</li> <li>• Increase in Unaccompanied Asylum-Seeking Children (UASC)</li> <li>• Increased costs of residential places and Independent Fostering Agencies and shortage of supply</li> <li>• Demand on home/school budget</li> <li>• Increased turnover of qualified staff and failure to recruit leading to increase in use of agency staff (in England it has increased by 38% during 2022/23).</li> </ul> <p>In terms of responding to this significant issue three high level points of focus were identified to help manage the service provision and financial risks:</p> <ol style="list-style-type: none"> <li>1) Recovery Board Activity</li> <li>2) Due Diligence: CIPFA engagement</li> <li>3) Budget setting for 2023/24</li> </ol> <p>The Chartered Institute of Public Finance &amp; Accountancy (CIPFA) were requested to carry out a project review during November and December 2022 and this involved both Officers and key Members. It resulted in a presentation to the Recovery Board at the beginning of January 2023 setting out a recovery programme with short, medium and long-term objectives supporting a recovery programme.</p> <p>It was reported that short term measures related to the aim / objective of increasing financial awareness and accountability across the service to deliver in year savings. Operational changes included:</p> <ul style="list-style-type: none"> <li>• Greater Finance Department input into decision making panels.</li> <li>• Limiting discretionary spend at team manager level to £500 and reducing all support packages by 10%.</li> <li>• Increasing regularity and level of finance partner input into management meetings.</li> <li>• Continuing regular review of all financial packages of support and care with commissioning colleagues.</li> <li>• Finance training programme for managers linked to the delivery of the Directorate plan is being rolled out.</li> </ul> <ul style="list-style-type: none"> <li>• Review of threshold documentation and decision making to provide assurance of adherence to standards.</li> <li>• Budget targets incorporated into DCS objectives for 23/24.</li> <li>• Systematic review of all Directorate budgets to deliver £520,000 in year savings.</li> </ul>	<p>In addition to those measures already implemented the CIPFA project work recommended the following:</p> <ul style="list-style-type: none"> <li>• Potential to deliver additional savings through further interrogation of Children with Disabilities budgets.</li> <li>• Further examination of processes including ratio of "administrative" to "social work" tasks.</li> <li>• Completion of finance and data project to enable better forecasting (appointment now in place).</li> <li>• Manage down agency overspend – options to include:             <ol style="list-style-type: none"> <li>1) Short term - reallocation of work; other staff to take safeguarding work; use of 'Golden Hello' offer.</li> <li>2) Interim term – appoint a recruitment consultant; develop / enhance offer / employment terms.</li> <li>3) Medium term (Corporate led) – consortium of Councils to negotiate agency rates; partner with training institute; develop an apprenticeship scheme for care leavers</li> </ol> </li> </ul> <p><b>Additional objective and measures</b></p> <p><b>Medium term:</b></p> <ol style="list-style-type: none"> <li>1) Aim – to continue to take action to avoid further escalation of costs whilst agreeing an overall strategy and transformation programme to deliver <b>real and sustainable</b> savings:             <ul style="list-style-type: none"> <li>• Locate all transformation activities in one plan and place.</li> <li>• Establish transformation programme and fund from flexible use of capital receipts strategy (this could include repurpose of surplus buildings to increase capacity for LAC placements).</li> <li>• Corporate Transformation Team to oversee <b>all</b> elements of change programme including objectives, targets and outcome framework.</li> <li>• Develop Business Management function within the Children's Services Department to drive efficiencies and continue to develop a more business-like and commercial approach.</li> </ul> </li> <li>2) Aim – to implement a <b>system wide</b> service <b>transformation</b> to deliver real and sustainable savings:             <ul style="list-style-type: none"> <li>• Review early help and social work practice and reunification models to ensure focus is on families' strengths.</li> <li>• Complete discussions with DfE regarding entering Safety Valve programme.</li> <li>• Complete work to deliver additional supported lodgings and other housing options for care leavers and UASC.</li> <li>• Complete Care Cubed review of transitions and high-cost packages for children with disabilities and move to open book approach with suppliers.</li> <li>• Develop proposals for in house "out of hours" service to reduce dependency on agency staff.</li> </ul> </li> </ol> <p><b>Long term:</b></p> <ol style="list-style-type: none"> <li>3) Aim – to <b>implement and consolidate</b> a system wide service <b>transformation</b> to deliver real and sustainable savings:             <ul style="list-style-type: none"> <li>• Review "Connecting Families" grant funded programme with a view to mainstreaming and expanding this service.</li> <li>• Consider a "community strengths-based approach" to early help.</li> <li>• Ensure delivery of new children's home and SEND alternative provision.</li> <li>• Embed new social work practice and reunification models.</li> <li>• Continue to review performance (financial and non-financial) against achievement of strategic objectives.</li> </ul> </li> </ol> <p><b>Transformation Activity to consider:</b></p> <p><b>Early Help</b></p> <ul style="list-style-type: none"> <li>- Develop in-house out of hours early help service.</li> <li>- Evaluate taking externally commissioned Children's Centre back in house.</li> <li>- Consider commissioning additional services with partners.</li> </ul> <p><b>Children In Need</b> - Consider commissioning additional services with partners.</p> <ul style="list-style-type: none"> <li>- Develop in-house out of hours family support service.</li> <li>- Review practice model.</li> </ul>

## STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

### 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. The Council has made the Executive Director - Resources responsible for financial administration.
- \* Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- \* Approve the statement of accounts for the year.

### Executive Director - Resources responsibilities:

The Executive Director - Resources 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.

In preparing this Statement of Accounts, the Executive Director - Resources has:

- \* Selected suitable accounting policies and then applied them consistently
- \* Made judgements which were reasonable and prudent
- \* Complied with the local authority Code of Practice

The Executive Director - Resources has also:

- \* Kept proper and up to date accounting records.
- \* Taken reasonable steps for the prevention and detection of fraud and other irregularities

### Statement of the Executive Director - Resources

I hereby certify that this statement of accounts presents a true and fair view of the financial position of the Council at the accounting date and the income and expenditure for the year ended 31 March 2024.

### SIGNED:

**Executive Director - Resources**

DATE: xx xxx 2024

**Andy Rothery**

### Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit Committee on 27th November 2024.

### SIGNED:

**Chair, Corporate Audit Committee**

DATE: xx xxxxx 2024

**Councillor David Biddleston**

The Statement of Accounts were authorised for issue on xx xxxxx 2024.

## GLOSSARY OF TERMS

### **Accounting Policies**

Rules and practices adopted by the Council that dictate how transactions and events are shown or costed.

### **Accruals**

Income and expenditure are recognised as they are earned or incurred not as money is received or paid.

### **Actuary**

An independent professional who advises on the position on the Pension Fund.

### **Actuarial Valuation**

The Actuary reviews the assets and liabilities of the pension fund every three years.

### **Appropriation**

The assignment of revenue for a specific purpose.

### **Balance Sheet**

Statement of recorded assets and liabilities and other balances at the end of the accounting period.

### **Capital Charges**

A charge made to service revenue accounts, for depreciation to reflect the cost of fixed assets used in the provision of services.

### **Capital Expenditure**

Expenditure on new fixed assets such as land and buildings or on enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

### **Capital Receipts**

Income received from the disposal of land, buildings and other capital assets.

### **Collection Fund**

A fund operated by the billing authority into which all receipts of Council tax and National Non-Domestic Rates (NNDR) are paid.

### **Contingent Liabilities**

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or a present obligation that arises from past events but is not recognised because it is not probable that a transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### **Council Tax**

A tax on domestic properties introduced 1st April 1993 to replace the community charge.

### **Creditors**

Amounts owed by the Council for goods and services received on or before 31st March.

### **Debtors**

Amounts owed to the Council for goods and services provided on or before 31st March.

### **Deferred Charges**

Items for which expenditure is charged to capital, but there is no tangible asset.

### **Depreciation**

The loss in value of an asset due to age, wear and tear, deterioration and obsolescence.

### **Earmarked Reserves**

Amounts set aside for a specific purpose or a particular service or type of expenditure.

### **Fixed Assets**

Tangible assets that result in benefits to the local authority and the services it provides for more than a year.

## **GLOSSARY OF TERMS**

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### **General Fund**

The account that summarises the revenue costs of providing services that are met by the Council's demand on the Collection Fund, specific government grants and other income.

### **Gross Expenditure**

Total expenditure before deducting income.

### **Infrastructure Assets**

Fixed assets that cannot be easily disposed of, expenditure on which is only recovered by continued use of assets.

### **Minimum Revenue Provision**

The minimum amount the Council must charge to its revenue account to provide for repayment of debt.

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

A flat rate in the pound set by government and levied on businesses in the Council area.

### **Net Expenditure**

Gross expenditure less income.

### **Operating Lease**

A lease under which the asset is not the property of the lessee.

### **Outturn**

Actual income and expenditure for the financial year.

### **Precept**

The charge made by one authority to another to finance its net expenditure.

### **Provision**

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

### **Rateable Value**

The value of a property for rating purposes set by the inland revenue. Business rates payable are calculated by multiplying the rateable value of the property by the rate in the pound set by government.

### **Reserves**

The amount held in balances and funds that are free from specific liabilities or commitments.

### **Revenue Expenditure**

The regular day-to-day running costs incurred in providing services.

### **Statement of Recommended Practice (SORP)**

Recommendations on accounting practices issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) with which the Council must comply.

### **Support Services**

Activities of a professional, technical and administrative nature, which are not local authority services in their own right, but support the front line service.

### **Trading Accounts**

The profit and loss account of any trading organisation that needs to be disclosed separately in the Council's account.