

**BATH & NORTH EAST SOMERSET COUNCIL**

**STATEMENT OF ACCOUNTS 2024/25**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATH AND NORTH EAST SOMERSET  
COUNCIL**

TO FOLLOW

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

TO FOLLOW

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

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TO FOLLOW

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

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TO FOLLOW



## 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 2025.

### 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 2024/25, 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)

2.5% Unemployment rate, lower than national, regional and most similar authorities (ONS)

### Wellbeing

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)

## The Next Twelve Months & Medium Term Outlook

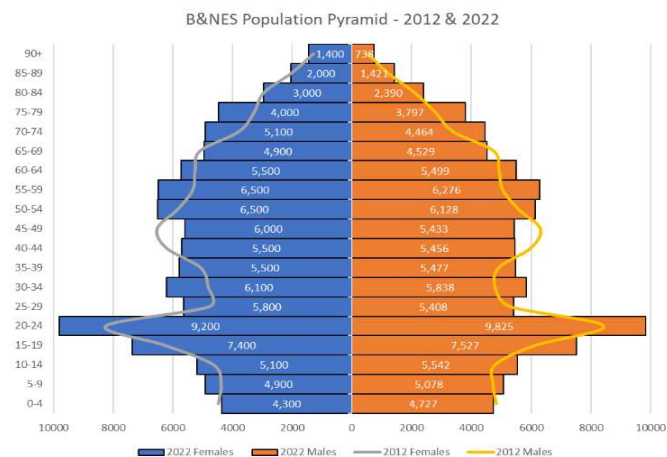
The Medium-Term Financial Strategy (MTFS) was approved in September 2024 and outlined how the budget would be delivered over the medium to long-term. This considers the current economic outlook of constrained national public finances due to continued low economic growth together with Council services being impacted by sustained inflation and National Insurance increases impacting the Council's running costs as well as the supply chain for external provision. In addition, the Council continues to see demand and activity rise for essential Social Care services, which is compounded by high market costs and a reliance on out of area provision.

The Council needs to deliver a balanced budget over the term of the plan. A balanced budget means that Council one-off cash balances (reserves) are not being used to fund recurrent expenditure. The updated plan shows a balanced budget for 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. In recognition of the significant budget risks from changes in cost as a result of the government National Insurance changes, demand on statutory services rising above modelled levels, alongside savings delivery risk, the following contingencies and provisions have been included in the budget:

- Corporate Contingency of £3m for savings delivery risk and slippage
- Contract Inflation Provision of £2.6m for the impacts of Employer National Insurance on supplies and services and contract spend across services.
- High Risk Service Demand & Cost Increase Provision of £4.2m

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 2025/26 budget is a funding gap of £14.01m. The proposed budget meets this funding gap in two ways:

- 1) Income generation plans of £6.70m, and
- 2) Cost reduction plans of £7.31m.



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

The ongoing impact of sustained inflation and high demand for Social Care has created an imbalance in how the Council funds its services. Income from Council tax and Business rates alone do not fully fund the Council's services. To balance the budget the Council needs to reduce its running costs and grow its commercial and fees and charges income. The Council revenue support grant has reduced from £31m in 2013/14 to £1.3m per annum in 2025/26 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 £27.62m 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 are listed below, this illustrates some of the economic and financial challenges the Council is facing.

- Adult Services budget growth £6.5m
- Children's Services budget growth £9.2m
- Neighbourhood Services budget growth £3.2m

To deliver a balanced budget in 2025/26 savings and income generation plans total £14.01m. The Council has a good track record of delivering proposed savings. In relation to the 2024/25 approved savings of £16.42m, 77% (£12.66m) have been delivered in full, 17% (£2.78m) have been mitigated through savings, contingency or income elsewhere in the respective service, with the remaining 6% (£0.98m) delayed until 2025/26 or addressed through the budget setting proposals.

An updated Efficiency Strategy was approved in February 2025, 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 £1.38m of capital receipts to fund one-off costs of delivering savings in 2024/25 with £0.39m balance remaining for use in 2025/26.

The Local Government Finance Settlement for 2025/26 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 2025/26. This provides a significant financial benefit to the Council with estimated benefits of c.£3.2 million factored into the Councils budget in 2025/26.
  - The Services Grant has been removed from 2025/26 with funding repurposed into a new Recovery Grant. This represents a loss of £0.165m of grant in 2025/26 from this change.
  - The introduction of a new Recovery Grant, worth £600m, which is targeted at places the government assesses as having greater need and demand for services (using deprivation as a proxy for this) and less ability to raise income locally from Council Tax. Based on this allocation methodology, the Council doesn't receive any funding through this grant.
  - An increase of £2.205m in Social Care grant funding taking the grant for 2025/26 to £15.455m. This increase has been allocated to fund Adults and Children's Social Care demand and inflation pressures. This funding is assumed as recurrent in the base budget.
  - Grant funding for 2025/26 of £3.193m through the Market Sustainability & Improvement Fund Grant. This is the same level of grant as received in 2024/25. This funding is assumed as recurrent in the base budget.
  - The transfer of the Adult Social Care Discharge Fund grant funding, fixed at the 2024/25 level of £1.146m, into the newly named "Local Authority Better Care Grant".
  - Confirmation that the existing Improved Better Care Fund social care grant will be renamed the Local Authority Better Care Grant and will be maintained at the same value as 2024/25, for B&NES this is £4.903m, with the funding from the Adult Social Care Discharge Fund rolled into the grant for 2025/26 at the same level as received in 2024/25 (£1.146m). The total funding from these two grants is £6.049m.
  - The announcement of a new Children's Social Care Prevention grant with total funding of £270m. The grant is to fund the national rollout of "Family Help" a whole family preventative service. Conditions placed on the grant were published in the final settlement. The Council's share of the grant for 2025/26 is £0.401m and it is assumed that this will be ring-fenced to cover the costs of implementing the Family Help service.
  - The government announced proposals to consolidate 6 children's social care programmes into a new Children's & Families Grant. The programmes are as follows:
    - Supporting Families
    - Supported Accommodation Reforms - New Burdens to LA's
    - Staying Put
    - Virtual School Heads Extension for previously looked after children
    - Leaving Care Allowance uplift
    - Personal Advisors
- Funding for each component will maintain 2024/25 funding levels and the Council's total of the consolidated funding is £0.982m.
- The 2025/26 Public Health Grant allocation is £10.901m, an increase of £0.627m over the 2024/25 grant. The grant is ring-fenced to public health activity.
  - 2025/26 will be the first year of the Extended Producer Responsibility for Packaging (pEPR) scheme. The extra funding announced at the Autumn Budget includes a guarantee that local authorities in England will receive at least £1.1 billion in total in 2025/26 from the new scheme, with each local authority guaranteed at least the level of income indicated in provisional local payment figures for the first year. The payment for the Council in 2025/26 is £2.7m, which has been incorporated into the budget reflecting the cost pressures and investment made into waste services in this and previous years budgets. Future years funding will be based on data submitted by the Council to the scheme administrators, and this will be reviewed as part of the 2026/27 budget process.
  - The announcement that £515 million of new funding will be provided to support councils and mayoral combined authorities with the costs associated with the increase in employer National Insurance Contributions (NICs). Individual allocations are based on 2023/24 Revenue Outturn data and were published at the final settlement. Our original assumption was that the cost pressure from this change would be fully funded by government. The final grant allocation creates a £1.3m shortfall in funding of the Council's direct staffing cost increase of £2.6m from the Employers National Insurance increases in 2025/26.
  - 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 2025/26.
  - A general council tax increase cap of 3% for 2025/26 (this excludes the Adult Social Care Council Tax increase).

# NARRATIVE REPORT

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

The Budget agreed for 2025/26 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 2025/26.
- 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 £1,823.06 (£1,736.42 in 2024/25) an increase of 4.99% and £86.64 per Band D (£1.67 per week).
- A General Fund net revenue budget of £151.71m for 2025/26 and an approved Capital Programme for 2025/26 of £76.41m.

### Corporate Strategy

The 2025/26 Budget proposal set 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.

Bath & North East Somerset Council has one overriding purpose – **to improve people's lives**. Our Corporate Strategy provides a clear and ambitious framework for delivery. It sets out our two core policies of **tackling the climate and ecological emergency** and **giving people a bigger say** as well as our three principles for how we will deliver – **preparing for the future, delivering for local residents** and **focusing on prevention**. It also sets out how shared outcomes will be delivered through key partnerships that the council works with such as our Future Ambition Board and Health and Wellbeing Board.

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

In the report to cabinet in September 2024 on the Medium-Term Financial Strategy (MTFS), it was highlighted that work was underway to Identify key scenarios, particularly in the light of central government fiscal policy and approach to local government funding. This work has been reflected in the budget papers and process. The MTFS report also identified that the council is introducing a new operating model which delivers the council's purpose through innovation in our ways of working. A report to cabinet in November 2024 approved the council's operating model and directorate functions for use in service planning and redesign work, within the context of the Being Our Best programme with its workstreams of 'Great Jobs', 'Smarter Structures' and 'Culture of Excellence'.

Given this, the budget proposal set out in the report aims to establish a longer-term approach to budget planning, built around the council's priorities, operating model and partnerships and investing in prevention to address budget pressures and reduce costs. This includes

- Focusing on securing financial sustainability in children's services, recognising the increased demand and complexity of caseloads.
- Ensuring the full benefits to service users of adult social care redesign following bringing of services in-house from April 2024
- Making sure that the council's property holdings best serve the needs of service delivery
- New ways to interact and receive council information and services, using improved digital channels and Artificial Intelligence (AI).

The council will also continue to work closely with the West of England Mayoral Combined Authority (MCA) to maximise the benefits to our area and communities from our membership. We will also work closely with the MCA and with the Future Ambition Board to deliver our ambitious Economic Strategy for Bath and North East Somerset, prioritising green growth, good jobs and affordable housing, and work with our health partners through the Health and Wellbeing Board to deliver our Joint Health and Wellbeing Strategy.

### Total Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2025/26 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.

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
<b>Total Schemes</b>	<b>160,957</b>	<b>125,999</b>	<b>108,279</b>	<b>74,980</b>	<b>36,921</b>
<b>Funding Sources</b>					
Grant	73,309	42,809	14,500	8,836	8,786
Capital Receipts	2,745	8,400	635	635	202
Revenue	2,292	3,570	50	50	50
Borrowing	73,704	66,400	92,316	65,456	27,883
3rd Party (incl. s106 & CIL)	8,907	4,820	778	3	0
<b>Total Funding</b>	<b>160,957</b>	<b>125,999</b>	<b>108,279</b>	<b>74,980</b>	<b>36,921</b>

### Revenue Outturn and Balances 2024/25

The Council's net revenue budget was set at £135.854m with an increase of 4.99% in its part of the 2024/25 Council Tax (split 2% for the Adult Social Care precept and a 2.99% general increase). Dedicated Schools Grant funding of £65.133m separately supports expenditure on schools.

Total net spending amounted to £149.560m against a revised budget of £149.560m, giving a year end balanced position on the general fund before carry forwards. After allowing for the carry forwards of underspends of £0.206m, the final outturn position is an overspend of £0.206m. The Cabinet Outturn report proposes the transfer of the £0.206m from the corporate revenue budget contingency earmarked reserve. This transfer and the carry forwards will be reflected in the 2025/26 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 risk assessed target range approved by the Council in February 2024.

Schools balances have increased by £0.685m to £1.876m 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 demand cost pressures have continued to impact the Council during the year, most significantly in Children's Services where demand led placement package costs and Home to School Transport costs continued to escalate. With a projected unmitigated overspend of £5.5m forecast based on the first half of the financial year, the Council developed urgent management action plans which totalled £4.1m taking the forecast overspend to £1.4m. The management action plans included reducing discretionary spend, maximising use of grant income, release of risk and inflation contingencies and repairs provision. These actions, in addition to reduced borrowing costs from rephased capital spend, the release of remaining corporate contingency and additional service income contributed to the achievement of a balanced position by year end.

## NARRATIVE REPORT

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

**Children's Services** - over budget by £6.179m - The over budget position is primarily due to the continuing pressures from 2023/24 across the demand-led placement and package budgets (£2.6m continued pressure from 2023/24 into 2024/25), the additional pressures in-year from the demand-led budgets (£1.5m), continuing pressure from home to school transport (£1.4m) and staffing pressures due to agency usage (£0.4m).

The biggest area of demand-led pressure is Residential (£3.37m 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, in conjunction with upward cost pressures on placements from providers. The other principal areas of pressure are Disabled Children's Team (DCT) (£1.28m over budget), Unaccompanied Asylum Seeker Children (UASC) support (£0.37m over budget) and Parent and Baby support (£0.11m 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 £0.72m under budget). There is also an under-budget position across In House Foster Care and Permanence allowances (£0.34m under budget). The reduction of spend on In House Foster Care is partially due to the success of some Foster Carers becoming long term carers via Special Guardianship Orders.

These pressures are net of £0.88m in-year mitigations delivered, plus the full delivery of the £1.26m budgeted savings across the Children's Portfolio.

To address the over budget position in the demand-led budget areas, cost reduction strategies have been assessed and form part of a transformation program which aims to significantly reduce the cost pressures in future years.

In Education there is an over budget position of £0.53m, which is mainly because of Teachers Pension costs rising (which is an ongoing pressure from 2023/24), and staffing pressures due to the use of agency to maintain statutory service provision amid rising demand.

Home to School Transport (HTST) ended the year with a £1.40m over budget position. This is due to both increased demand and a challenging marketplace when procuring HTST, including reduced availability of drivers, cost inflation and reduced tendering activity for many routes. The end-to-end process for HTST is being reviewed to ensure the most efficient and effective delivery of our statutory responsibility. This includes increasing internal provision of the service to reduce reliance on costly routes and providers.

**Economic & Cultural Sustainable Development** – over budget by £0.414m – The Corporate Estate ended the year with an adverse budget position of £0.5m, resulting from high running costs of surplus properties and loss of income from un-let buildings, which in turn means an ongoing savings target to reduce maintenance costs across the estate is not being met. The Regeneration service recorded a £1m adverse outturn position due to delays in securing budgeted rental income. Heritage Services also ended the year with a £0.6m over budget position, primarily due to visitor numbers being lower than budgeted. These overspends were offset by one-off income relating to a historical broadband investment windfall to the Council, along with a technical adjustment to reduce an accounting provision.

**Neighbourhood Services** – over budget by £1.209m – Cost pressures across Waste Services (£1.0m), reduced income for Bereavement Services (£0.1m) as a result of a chapel closure for remedial works, and delays in achieving savings in Customer Services (£0.1m), contributed to the adverse outturn position for the portfolio.

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

**Resources** - under budget by £5.918m – Borrowing costs were £1.4m 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 £0.8m less than budgeted. Release of corporate contingencies (£2.3m) to support the Council's bottom line position, along with favourable positions on net investment income (£0.3m), income from City Deal Business Rate Pooling (£0.4m), and government business rates grant income (£0.3m), resulted in corporate budgets coming in at a total favourable variance of £5.3m.

Underspends in Procurement (£0.2m) due to staffing, ICT (£0.1m) due to contract spend, and Housing Benefit Subsidy (£0.3m) as a result of lower cost and internal housing provision to meet temporary accommodation demands, added to the favourable portfolio outturn position. Commercial Estate ended the year with a £0.2m adverse position as a result of additional rental income being insufficient to cover increased legal and borrowing costs.

**Highways** – under budget by £1.249m – Parking income has exceeded budget across the majority of locations. This, combined with a number of staff vacancies and reduced discretionary expenditure, means the service ended the year with a £1.0m favourable budget position. The Network and Traffic Management service also ended the year with a favourable £0.2m outturn position due to both higher income and lower staffing costs than budgeted.

### Schools Outturn & Balances

The overall Dedicated Schools Grant (DSG) for 2024/25 was £195.260m, however of this sum £130.347m was returned to the Department For Education (DFE) to be allocated to Academies. A further £19.567m was allocated to maintained schools through funding formula. A further £18.060m was allocated directly to nurseries and early years settings under the Early Years formula with the remaining £27.285m was used by the Local Authority (LA) to support Special Educational Needs (SEND), Central Expenditure, and Early Years support services.

The centrally held elements of the DSG were over budget by £10.532m, due to significant increases in numbers and cost of placements for children with SEND, which is funded from the High Needs Block within the DSG. This overspend will be carried forward along with the accumulated deficit on the DSG of £22.263m giving a total overspend to be carried forward of £32.795m. In line with Government guidance, any overspend is carried forward for recovery against future DSG funding. Therefore, the LA 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 £32.795m 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 LA's General Fund and covers the period to 31st March 2026. Further guidance on the treatment of DSG deficits is anticipated as part of the June public spending review.

In March 2023, the LA entered into a Safety Valve Agreement recovery plan with the DFE to bring spending in line with budget over the next 6 years. 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 required us to submit a revised version, so also shown below are the payments received to date.

## NARRATIVE REPORT

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 DFE are currently reviewing our latest submission, and a revised plan is anticipated to be agreed with the DFE in the next few months. Once agreed a new schedule of payments will be agreed as part of that process.

The seven schools maintained by the LA have balances that have increased by £0.685m to £1.876m 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.

Two of the seven maintained schools have recently converted to academy. Their balances are included in the figures above as they were maintained as at the 1st April 2025. Their balances will be removed from the council's accounts during 2025/26 financial year.

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

	Budget	Actual	(Under)/ Over
Service (based on Cabinet Portfolios)	£'000	£'000	Budget £'000
Leader	(274)	(437)	(163)
Council Priorities & Delivery	6,283	5,943	(340)
Resources	9,549	3,631	(5,918)
Economic & Cultural Sustainable Development	(5,867)	(5,453)	414
Adult Services	62,883	62,952	69
Children's Services	46,407	52,586	6,179
Climate Emergency & Sustainable Travel	1,524	1,457	(67)
Built Environment & Sustainable Development	2,920	2,786	(134)
Neighbourhood Services	27,089	28,298	1,209
Highways	(954)	(2,203)	(1,249)
<b>Total (before carry forwards)</b>	<b>149,560</b>	<b>149,560</b>	<b>-</b>
Carry Forward Requests (Underspends)			<b>206</b>
<b>Total (Including Carry Forwards)</b>			<b>206</b>

The Leader Portfolio is made up of Emergency Services and Housing Delivery Vehicle.

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

The Resources Portfolio is made up of Finance, Procurement, 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), Home to School Transport 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.

Build Environment & Sustainable Development is made up Building Control, Development Management and Housing.

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 Park & Ride.

## NARRATIVE REPORT

### Collection Fund

As part of the 2025/26 budget setting, an estimate was made on the position of the Collection Fund as at 31st March 2025. 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 worsened by £1.460m over the estimated position. The main reason for the surplus reduction relating to Business Rates is due to an increase in Empty Property Relief and Retail Relief, partially offset by improved Bad Debt provision. The difference will be taken into consideration when estimating the closing 2025/26 Collection Fund as part of the 2026/27 budget process.

	Estimated surplus / (deficit) £'000	Actual surplus / (deficit) £'000	Difference £'000
Council Tax	664	320	(344)
Business Rates	6,261	5,145	(1,116)
<b>Total</b>	<b>6,925</b>	<b>5,465</b>	<b>(1,460)</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 £167.7m. This reconciles to the General Fund spending reported above as follows:

	£'000	£'000
Total net spending by departments		149,560
Add:		
Charges related to capital assets:		
- depreciation, amortisation and impairments	17,366	
- revenue expenditure funded from capital under statute	9,596	
- loss / (gain) on revaluations	(3,533)	
		23,429
Other Movements:		
Grant funded revenue expenditure funded from capital under statute	(7,881)	
Unapportioned pensions contributions	(480)	
Levy payments	(5,462)	
Interest received and paid	(7,895)	
Non-Ringfenced Government Grants	19,969	
Other movements on funds and balances	10,883	
Minimum Reserve Payment (MRP)	(11,563)	
Net transfers from / (to) reserves	(5,545)	
		(7,974)
Cost of services - continuing operations		<b>165,015</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.

### Capital Expenditure

Capital expenditure in 2024/25 totalled £53.0m. Overall capital spending was 75% of the revised capital budget, primarily reflecting the delivery time to complete projects moving into future financial periods. Details of Capital expenditure by Cabinet Portfolio are set out in the table below:

Cabinet Portfolios	Planned Spend £'000	Actual Spend £'000	Variation on planned spend £'000
Leader	224	170	(54)
Climate Emergency & Sustainable Travel	3,926	3,079	(847)
Resources	11,178	6,762	(4,416)
Economic & Cultural Sustainable Development	14,388	10,896	(3,493)
Children's Services	9,276	5,558	(3,718)
Adult Services	2,389	2,349	(40)
Highways	17,541	15,312	(2,228)
Neighbourhood Services	5,318	4,021	(1,297)
Built Environment & Sustainable Development	6,294	4,894	(1,400)
	<b>70,534</b>	<b>53,041</b>	<b>(17,493)</b>

## NARRATIVE REPORT

Capital expenditure was financed by:

	£'000
Capital Receipts	2,436
Grants	27,417
Borrowing	18,103
3rd Party Contributions	565
Revenue	1,389
S.106 / CIL contributions	3,131
	<u>53,041</u>

Key Programme Spend is illustrated as follows :

	£'000
Highways Maintenance Block	9,204
Local Active Travel Safety Programme (LATS)	2,754
City Centre Security	1,463
CRSTS Liveable Neighbourhoods	1,077
CRSTS Somer Valley Links	1,326
Social Rent Programme (Phase 1 of BANES Homes)	2,497
Local Authority Housing Fund (Ukrainian/Afghan homes)	1,952
Disabled Facilities Grants	2,021
Property Company Investment - Council Loans	1,434
Midsomer Norton High Street Renewal Programme	1,608
Bath Quays North	1,215
Bath Western Riverside (BWR) Phase 2	1,736
Basic Needs - School Improvement / Expansion	2,784
SEND (Special Education Needs & Disability) Programme	1,892
Corporate Estate Planned Maintenance	2,008
Commercial Estate Refurbishment Programme	2,187
Flexible Use of Capital Receipts (Transformation)	1,383
Council Vehicles	1,842

### Property, Plant & Equipment

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

Transfers of £0.622m from Assets Under Construction reflecting projects becoming operational in the year:-

	£'000
5G Network	278
CCTV Upgrades	274
Other	70
	<u>622</u>

Net Property Revaluation gain of £26.721m for Other Land and Buildings and Surplus Assets for the following classes of assets:-

	£'000
Heritage	16,851
Leisure Centres	12,363
Adults Day Centre	5,042
Housing	389
Playing Fields	344
Children Centres	82
Depot/Stores	(169)
Car Parks	(1,636)
Schools	(1,828)
Refuse/CA Sites	(2,147)
Offices	(3,156)
Other	586
	<u>26,721</u>

### Investment Property Assets Values

Investment Properties were subject to new valuations in 2024/25 and reflected a valuation basis of fair value.

A £9.012m reduction in Investment Property values has occurred since the last full valuation was undertaken (31st March 2024)



# NARRATIVE REPORT

## Non Financial Performance of the Council

The council adopted a new four-year Corporate Strategy at its meeting on 20 July 2023. The document set a new direction for the council, reflecting the aims of the administration elected in May 2023. It provides a clear approach to deliver the council's activities and priorities.

The Corporate Strategy is the council's overarching strategic plan. It sets out what we plan to do, how we plan to do it, and how we will measure performance over the next four years. The Corporate Strategy framework is set out below:

- 1) We have one overriding purpose - to improve people's lives. This brings together everything we do, from cleaning the streets to caring for our older people. It is the foundation for our strategy, and we will ensure that it drives our commitments, spending, and service delivery.
- 2) We have two core policies - tackling the climate and ecological emergency and giving people a bigger say. These will shape our work.
- 3) To translate our purpose into commitments, we have identified three principles. We want to prepare for the future, deliver for residents and focus on prevention.

These, in turn, help us to identify specific delivery commitments across our services.

Bath & North East Somerset Council

Improving People's Lives

Corporate Strategy (2023-27) Performance

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

Tackling the climate and ecological emergencies

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

Giving people a bigger say

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

Principles

Preparing for the future

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

Delivering for local residents

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

Focusing on prevention

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

### 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 revive 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.

NARRATIVE REPORT

Non Financial Performance of the Council (cont.)

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.

Tackling the Climate Emergency

Over the last year:

We have launched our Carbon Reduction Accelerator, a 12-week pilot programme to help SMEs reduce their carbon footprint and increase energy efficiency.

We have planted new trees. We are working in partnership with the Western Forest project which aims to create at least 2,500 hectares of new woodlands and other habitats created across Bath and North East Somerset over the next five years.

We have continued investing in green initiatives, with over £5.435 million to be allocated to capital schemes, including renewable energy projects, active travel and nature recovery projects such as the Chew Valley Recreational Trail. Additionally, we are working to decarbonise our corporate estate.

We have supported community led-action on energy by securing over £1.5 million in grant funding. We also helped open a new base of operations for Climate Hub B&NES, a climate group set up by local residents to engage the community and advise on the climate crisis.

We have improved and created Green spaces across the area. These aim to improve biodiversity and conserve the landscape. We have completed a wild meadow footpath in Somer Valley and started work on a 10km linear park alongside the Avon called the Bath River Line project.

We received national recognition on our work tackling the climate emergency. We were awarded a B by the Carbon Disclosure Project for progress on tackling the climate emergency and were ranked 7th on Climate Action for all UK councils. Additionally, 6 of our parks have received Green Flags of excellence.

Some of the ways progress has been measured are shown below:

Number of air quality monitoring locations exceeding the targeted level of Nitrogen Dioxide	Current 3 Mar 23	Previous 7 Mar 22
<b>Indicator update</b> This indicator has been rated as amber because 3 locations exceed the local objective target of 36µg/m3 - Bath New Rd, Radstock (37) & Walcot Parade 2 Bath (38). The UK national objective target of nitrous dioxide (NO <sub>2</sub> ) levels set by Government is 40 µg/m3. We want to be aspirational in further protecting public health and reducing pollution. In 2022, in a Cabinet Report, we referenced an ambition to create our own local target for NO <sub>2</sub> of 36µg/m3.  In the 2024 Air Quality Annual Status Report, we monitored air quality at over 169 locations. At all these sites, all but one monitoring result was below the national objective, with two other sites exceeding our own local objective of 36µg/m3.		

EPC Score A-C for B&NES residential	Current 35% Sep 24	Previous 31% Sep 23
This indicator has been rated green because it is on target. Through the enforcement of minimum energy efficiency standards (MEES), we have seen improvements in more than 70 privately rented homes, enabling a saving of more than 125 tonnes CO <sub>2</sub> .		

Giving People a Bigger Say

Over the last year:

We have consulted local communities on where to allocate funding. We used public consultation to help inform where to allocate the funding for the Bath neighbourhood portion of the Community Infrastructure Levy (CIL), leading to eight new projects sharing over £325,000 in funding. Some of these projects include extra activities for young people, playpark improvements and a new pedestrian crossing.

We began new Community Conversations to provide avenues for residents and community organisations to discuss topics and address concerns. At the 9 events held from November 2024 to March 2025, we heard from more than 130 people, with over 150 issues raised.

We have invested in improved communication services. This will ensure that all individuals are able to easily access and use our services. Over £251,000 in funding is being invested to enhance customer contact services by replacing outdated telephony and contact centre systems. This is part of our Unified Communications strategy, which will see us move to a single phone number to help residents get their issues resolved first time.

<b>What have we done?</b> 30 public meetings and events 92 partners involved 660+ people actively engaged 1,600+ people kept informed £325,000 funding secured for partnership goals £372,063.63 funding granted to community projects
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Percentage of residents who feel they can inform decision making	Current 11% Dec 23	Previous 20% Dec 22
<b>Indicator update</b> This indicator has been rated red because the figure has fallen, although comparative data with other councils is not <a href="#">readily-available</a> .		

## NARRATIVE REPORT

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

#### Focusing on Prevention

##### Healthy Lives & Places

Over the last year:

We have equipped people to save lives. We have installed twelve emergency first aid kits in Bath and Keynsham, providing the tools needed to care for someone suffering a life-threatening injury.

We have provided healthier options for smokers. Swap to Stop is a campaign designed to help individuals quit smoking. We offer a free vape kit from our Stop Smoking Service, allowing residents to swap cigarettes for vapes, which are less harmful than smoking.

We have set-up plans to help tackle the increasing challenges of food insecurity. To help mitigate its damaging consequences, we launched Tackling Food Insecurity in B&NES: Rising to the Challenge. Alongside this, we are producing a Local Sustainable Food Resilience Strategy.

##### Delivering for Young People & Children

Over the last year:

We have provided additional support to our Lifelong Links programme. We have secured additional funding to ensure children in care have access to a positive support network. The service currently works with 20 children and young people, and this funding will enable the service to be extended to more children who desperately need support.

We have been recognised for the support we provide to young people. Our Children's Services were praised by Ofsted for their support and commitment to care-experienced young people, noting that children are well supported and "benefit from enduring relationships with people who care for them and about them". A HM Inspectorate of Probation report, highlighted the outstanding work of Youth Justice Service staff, rating the service as "Good" overall.

We have secured funding for more facilities and activities for young people. The Lux Youth Project, a charity that works with young people from Bath, Peasedown St John and Timsbury, was awarded community funding of over £52,389 to help deliver more activities and improve their facilities. Its services include breakfast clubs, 1:1 mentoring, a street dance academy and a food pantry.

##### Support for Vulnerable Adults and Children

Over the last year we have:

We have set up plans to open new schools for vulnerable children in Bath and North East Somerset. These include proposals to redevelop the former site of the Bath Community Academy School into a school to support children with SEND. There are also plans to develop a new special residential and day school in Keynsham that would cater for young people aged 11-17 with special complex educational needs. Additionally, we have hosted events to raise awareness of the local support available for SEND individuals and their families.

We have developed the first ever co-produced carers strategy. The plan was created with the help of more than 380 adult carers, identifying what is and isn't working for them and how support for carers can be made as effective as possible in the future.

Here are some ways we have measured our progress:

% of mothers known to be smokers at the time of delivery	Current 7% Dec 24	Previous 8% Dec 23
<b>Indicator update</b> This indicator has been rated green because it is falling, in line with target goals. This number has been decreasing since 2021, where it was 9%. B&NES out performs regional and national statistics which are 8% and 7% respectively.		

Child Protection Plans stepped down or closed	Current 80% Mar 25	Previous 70% Mar 24
<b>Indicator update</b> This indicator has been rated green because it is performing well. The number of child protection plans, which are made when a child is judged to be at risk of significant harm, ending per quarter with a reason for 'plan end' or risk reduced has dramatically improved.		

Mental health: Adult service users in employment	Current 11% Mar 24	Previous 9% Mar 23
<b>Indicator update</b> This indicator has been rated green because in line with national averages. Our adult service users in employment dropped significantly from 13% in December 2019 to 7% in September 2022. However, it is currently rising.		

Key Stage 4 Average Attainment for all pupils	Current 49.2 Jul 24	Previous 49.7 Jul 23
<b>Indicator update</b> This indicator has been rated green because it is on target and above regional and national statistics. KS4 attainment remained strong in 2022/23; pupils in B&NES achieved a higher proportion of grades (9-5) in English and Maths (51%), compared to the South West (45%) and England (45%). Nationally, we have one of the highest performances outside of London.		

Early Years Foundation Stage Achievement Gap	Current 32% Jul 24	Previous 39% Jul 23
<b>Indicator update</b> This indicator has been rated green because it has improved significantly over the last year. B&NES has a long-standing attainment gap between the educational outcomes of disadvantaged pupils and non-disadvantaged pupils. This gap starts in the early years and is particularly concerning in Key Stage 2 (year groups 3-6). This indicator is improving with the current gap falling from 39% seen in July 2023.		

% of adults at home 91 days after reablement service	Current 77% Dec 24	Previous 76% Dec 23
<b>Indicator update</b> This indicator has been rated green because it is on target. It shows sustained improvement in performance by the reablement service.		

# NARRATIVE REPORT

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

### Delivering for Local Residents

#### **Clean, Safe and Vibrant Neighbourhoods**

Over the last year:

We have worked to make our streets cleaner and greener. We have introduced a chewing gum littering task force and to help make recycling easier a new trial for reusable red bags has been established across five hundred households. We are also investing an additional £1 million in neighbourhood services.

We have also invested over £251k for demand-led rapid response teams to tackle weeds, graffiti and litter in the 2025-26 budget to keep our streets cleaner and greener

We have developed a new streets strategy to help manage and support outdoor trading and events whilst ensuring that streets remain safe and accessible for highway users. This strategy will detail how we use our outdoor spaces, including permissions for street trading, events and filming and what items can be placed on the highway.

#### **More Travel Choices**

Over the last year:

We have invested in extending our Park and Ride hours. This service will now run until 11:30pm from Monday to Saturday on a trial basis until 31 August. This aims to help support local businesses and offer greater opportunities for tourists and workers. The National Highways and Transport Network Satisfaction survey saw us rated 2nd for our Park and Ride services out of 96 local authorities.

We have launched a Transport Action Map. Over the next three years we are planning to deliver an unprecedented number of transport schemes. This interactive tool allows people to view over 200 of our current and future transport projects.

We have approved funding for improvements to walking, cycling, wheeling, public transport infrastructure across the region. The Somer Valley Links scheme aims to improve links and reduce congestion along the A37 and A367. The next steps including a full business case, further consultation and detailed designs are set to go ahead.

We have been recognised for the excellent work of our staff. The National Highways and Transport Network Satisfaction survey ranked 1st for the speed and quality of response from our staff.

#### **The Right Homes in the Right Places**

Over the last year:

We progressed the delivery of the council's Housing Plan 2025-30, which outlines commitments over the next five years to provide affordable, safe and high-quality homes. This plan sets the strategic direction for meeting future housing need and outlines how the council will use council land resources, new land acquisition opportunities and partnering arrangements to unlock and deliver homes that meet local housing needs and priorities.

We have increased the availability of affordable homes. Construction of 18 new affordable homes for social rent is underway at the Argyle Works site. They will be energy-efficient apartments, three of which will be set aside for young people.

We have received planning permission for homes in Bath city centre for the development of 96 energy-efficient homes, located in Bath Quays North.

We have begun work on Bath's Western Riverside Development to develop over 900 quality, sustainable market and affordable homes, as well as a riverside park. This will transform a 12.4-acre redundant brownfield site into a new landmark place to live in the centre of Bath.

We have developed plan to provide much-needed accommodation for adults with learning disabilities at Englishcombe Lane. We have approved the construction of 16 community housing units which are designed to support adults with learning difficulties and autism.

Here are some ways we have measured our progress:

<b>% of household waste reused, recycled, composted or recovered</b>	Current 94% Dec 24	Previous 96% Dec 23
<b>Indicator update</b> This indicator has been rated green because, even though the trend is decreasing, it is still on-target.		
<b>Road traffic collisions resulting in personal injury</b>	Current 228 Dec 24	Previous 275 Dec 23
<b>Indicator update</b> This indicator has been rated green because the number of road traffic collisions has been falling consistently. There was a small rise to 275 in 2023, but this is likely to be due to the increase in traffic following the easing of COVID-19 measures.		
<b>Traffic volumes</b>	Current 601,502 Dec 24	Previous 635,437 Dec 23
<b>Indicator update</b> This indicator has been rated red because traffic volumes are higher than our target. This is reflected nationally. In 2023, overall traffic levels in Great Britain were higher than in 2022 although still 2.3% lower than 2019 pre-pandemic levels. B&NES has a similar profile to the national one.		

<b>Households in temporary accommodation</b>	Current 85 Mar 25	Previous 58 Dec 24
<b>Indicator update</b> This indicator has been rated amber because the numbers have risen slightly, but based on 2024 data, the council is in the top 30 <sup>th</sup> percentile of national authorities. Demand for temporary accommodation remains high locally and nationally with no sign that demand is decreasing.		
<b>Housing delivery targets – net new homes</b>	Current 712 Mar 24	Previous 511 Mar 23
<b>Indicator update</b> This indicator has been rated amber because, while the number of homes built is progressing, it is not in line with the new extended Government targets. Our past delivery of homes has comfortably exceeded targets set by central government. However, in December 2024, the National Planning Policy Framework was updated. It now outlines a target of 1.5 million homes.		

# NARRATIVE REPORT

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

### Preparing for the Future

#### Cultural Life

Over the last year:

We have secured funding for Fashion Museum Bath, one of the leading fashion collections in the world. This grant will see a prototype developed for an online catalogue, allowing people to engage with the collection while plans for its new home remain undecided.

#### Skills to Thrive

Over the last year:

We have launched a new early years careers workforce recruitment and careers website. Shape Your Future aims to increase the number of early years education and childcare practitioners so that our children will have the support they need.

We have provided specialist skills training support to Bridges Electrical Engineers to upskill staff and create new jobs. So far, Skills Bootcamp funding has seen more than 70 existing staff upskilled and 14 unemployed learners going on to gain long-term employment.

We have promoted volunteering activities through our Volunteers Fair. Our Employment and Skills Pods ran this for the second time in Bath, offering opportunities from employers such as Guide Dogs for the Blind and Dorothy House.

#### Good Jobs

Over the last year:

We have created more job opportunities. The council have secured the future of Jolly's store on Milsom Street, Bath. This will not only bring a new shopping destination for residents but also new employment opportunities to the local area.

We have helped businesses connect through our Business Show. This two-day event provided opportunities for local businesses to explore new opportunities and network. The show included specialist clinics and talks from organisations such as Radio Bath and Bath & North East Somerset Council's Invest in B&NES service.

Here are some ways we have measured our progress:

Median wage for B&NES residents	Current £40,218 <i>Apr 24</i>	Previous £38,669 <i>Apr 23</i>
<b>Indicator update</b> This indicator has been rated green because our median wages for B&NES residents have increased over 4% from 2023. This is higher than the national and regional median wages, which are £37,617 and £36,112 respectively.		

Median wage for people who work in B&NES	Current £36,382 <i>Apr 24</i>	Previous £34,945 <i>Apr 23</i>
<b>Indicator update</b> This indicator has been rated green because it has increased 4.1% over the last year. Our workplace gross full-time pay has increased 4.1% since 2023 and the average pay has increased 8.0% since 2023, now reaching £44,398. We perform well in the region, with the median wage for the South West being £35,634.		

# NARRATIVE REPORT

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## Corporate Risk Management

The Council's overall risk management approach seeks to minimise potential adverse effects impacting on its priorities, plans and operational objectives.

The Risk Management Strategy is a structured approach that is used to identify, assess, and manage risks that could potentially impact the Council's plans and operational objectives. It outlines how we will proactively address potential threats, develop mitigation plans, and monitor the effectiveness of the risk management efforts. The Risk Management Strategy is planned to be next reviewed in 2026 post implementation of the Council's new Financial System.

The approved Corporate Strategy 2023-27 has one overriding purpose of 'improving people's lives' and two core policies which are i) tackling the climate and ecological emergency and ii) giving people a bigger say.

Key risks to the achievement of the Council's outcomes continue to be managed at a strategic level to respond to the challenges of delivering services. A Corporate Risk Register is owned and managed by the Corporate Management Team and subject to formal quarterly review. The Audit Committee also regularly review Corporate Risk Management arrangements to provide assurance that the system is working effectively. The Corporate Risk Register is included in the Corporate Risk Management Section of the Council's Integrated Reporting Framework which brings together finance, performance and risk into one corporate reporting portal.

A Corporate Risk Management Steering Group, chaired by the Council's Chief Operating Officer, helps to also support our overall arrangements by providing further oversight on major project/departamental/service and corporate risks.

## 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 £38.0m 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 2024/25 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 Aequis Developments Ltd (ADL) (develop, deliver, own & manage property) and Aequis Construction Ltd. (ACL) (building construction & development). Both entities are ultimately 100% subsidiaries of the Council, with ADL and ACL both being 100% subsidiaries of Aequis Group Holdings Ltd (AGHL) (non-trading holding company), which itself is a 100% subsidiary of the Council.

The turnover and assets held by Aequis Developments Ltd (ADL) and Aequis 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 impacting on our finances. This has resulted in increased demand across all services, including finance. 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.

**Jeff Wring**

Director of Financial Services, Assurance & Pensions (s151 Officer)

Date: **xx xxxxxxxx 2025**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2024/25

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	2023/24 Gross Exp £'000	2023/24 Gross Inc £'000	2023/24 Net Exp £'000		2024/25 Gross Exp £'000	2024/25 Gross Inc £'000	2024/25 Net Exp £'000
				<b>Expenditure on Services</b>			
	1,275	(1,309)	(34)	Leader	656	(772)	(116)
	10,686	(1,520)	9,166	Council Priorities & Delivery	8,968	(1,445)	7,523
	61,050	(45,185)	15,866	Resources	61,295	(43,582)	17,713
	26,065	(26,704)	(639)	Economic & Cultural Sustainable Developm't	21,704	(30,972)	(9,268)
	128,196	(59,919)	68,277	Adult Services	120,228	(62,695)	57,533
	124,483	(78,326)	46,157	Children's Services	149,463	(95,148)	54,315
	4,073	(2,434)	1,639	Climate Emergency & Sustainable Travel	5,581	(3,810)	1,771
	15,303	(11,381)	3,922	Built Environment & Sustainable Development	12,198	(10,840)	1,358
	47,011	(9,598)	37,413	Neighbourhood Services	39,227	(9,482)	29,745
	24,645	(22,605)	2,039	Highways	25,675	(21,234)	4,441
	<b>442,787</b>	<b>(258,981)</b>	<b>183,806</b>	<b>Cost of Services - continuing Operations</b>	<b>444,995</b>	<b>(279,980)</b>	<b>165,015</b>
9			8,667	Other Operating Expenditure			7,739
10			10,684	Financing and Investment Income & Expenditure			7,150
11			(177,084)	Taxation and Non-Specific Grant Income			(186,480)
			26,073	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(6,576)</b>
24			(21,950)	(Surplus) on Upward Revaluation of Non-current Assets			(37,158)
24			12,567	Deficit on Downward Revaluation of Non-current Assets			5,887
41			(33,470)	Remeasurement of the net defined benefit liability			(43,159)
			<b>(42,853)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(74,430)</b>
			<b>(16,780)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(81,006)</b>

## MOVEMENT IN RESERVES STATEMENT 2024/25

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.

<u>Current Year</u>	Unearmarked General Fund Balance £'000	Earmarked General Fund Balance £'000	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves (Note 23) £'000	Unusable Reserves (Note 24) £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2024</b>	12,789	73,652	86,441	7,711	-	94,152	332,149	426,301
Adjustment to Opening Balance: IRFS16 Lease Transition (Note 16)			-			-	(8,370)	(8,370)
<b>Movements During 2024/25:</b>								
Total Comprehensive Income & Expenditure	6,576	-	6,576	-	-	6,576	74,430	81,006
Adjustments between accounting basis and funding basis under statutory provisions	(1,235)	-	(1,235)	1,071	-	(164)	164	-
<b>Increase / (Decrease) during year</b>	5,340	-	5,340	1,071	-	6,411	74,594	81,006
Transfers to / (from) earmarked reserves	(5,545)	5,545	-	-	-	-	-	-
<b>Balance at 31 March 2025</b>	12,584	79,197	91,781	8,782	-	100,563	398,373	498,936
 <u>Comparative Year</u>								
	Unearmarked General Fund Balance £'000	Earmarked General Fund Balance £'000	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves (Note 23) £'000	Unusable Reserves (Note 24) £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2023</b>	12,802	70,824	83,626	9,042	-	92,668	316,853	409,522
<b>Movements During 2023/24:</b>								
Total Comprehensive Income & Expenditure	(26,073)	-	(26,073)	-	-	(26,073)	42,853	16,780
Adjustments between accounting basis and funding basis under statutory provisions	28,889	-	28,889	(1,331)	-	27,557	(27,557)	-
<b>Increase / (Decrease) during year</b>	2,815	-	2,815	(1,331)	-	1,484	15,296	16,780
Transfers to / (from) earmarked reserves	(2,828)	2,828	-	-	-	-	-	-
<b>Balance at 31 March 2024</b>	12,789	73,652	86,441	7,711	-	94,152	332,149	426,301



## BALANCE SHEET as at 31 MARCH 2025

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 2024 £'000		31 March 2025 £'000
12	303,503	Property, Plant & Equipment:	
	4,874	Land & Buildings	332,209
	21,923	Community Assets	3,466
	40,274	Vehicles, Plant & Equipment	21,098
	3,429	Assets under Construction	53,356
12a	144,297	Surplus assets	3,571
13	48,564	Infrastructure	155,248
14	242,016	Heritage Assets	52,143
15	479	Investment Property	233,005
19	8,875	Intangible Assets	305
	818,234	Long Term Debtors	9,035
		<b>Long Term Assets</b>	<b>863,436</b>
17	7,800	Short Term Investments	7,648
	709	Inventories	767
19	56,844	Short Term Debtors	60,903
20	24,265	Cash and Cash Equivalents	23,548
	-	Assets Held for Sale	-
	89,619	<b>Current Assets</b>	<b>92,866</b>
17	(10,413)	Short Term Borrowing	(66,686)
21	(70,047)	Short Term Creditors	(63,377)
35	(2,402)	Grants Receipts In Advance - Revenue	(1,808)
35	(41,215)	Grants Receipts In Advance - Capital	(25,974)
	(124,077)	<b>Current Liabilities</b>	<b>(157,845)</b>
22	(7,764)	Provisions	(6,645)
17	(238,101)	Long Term Borrowing	(212,719)
21,41&42	(92,413)	Other Long Term Liabilities	(52,881)
35	(19,197)	Grants Receipts In Advance - Capital	(27,276)
	(357,475)	<b>Long Term Liabilities</b>	<b>(299,521)</b>
	<b>426,301</b>	<b>Net Assets</b>	<b>498,936</b>
23	94,152	Usable reserves	100,563
24	332,149	Unusable Reserves	398,373
	<b>426,301</b>	<b>Total Reserves</b>	<b>498,936</b>

The audited accounts were authorised for issue on xx xxxxxxxx 2025, and replace the unaudited accounts that were issued on 12th June 2025.

Jeff Wring

Director of Financial Services, Assurance & Pensions (s151 Officer)

Date: xx xxxxxxxx 2025

## 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.

	2023/24	See Note 25 for further details	2024/25
	£'000		£'000
	(26,073)	Net surplus or (deficit) on the provision of services	6,576
		Adjustment to surplus or deficit on the provision of services	
A	37,406	for non cash movements	12,366
		Adjust for items included in the net surplus or deficit on the provision	
A	<u>(24,206)</u>	of services that are investing and financing activities	<u>(34,613)</u>
	(12,874)	Operating Activities	(15,672)
C	(19,482)	Investing Activities	(16,073)
D	28,079	Financing Activities	31,027
	<u>(4,276)</u>	<b>Net Increase/(decrease) in cash equivalents</b>	<u>(717)</u>
E	28,541	<b>Cash &amp; cash equivalents at the beginning of the reporting period</b>	24,265
E	24,265	<b>Cash &amp; cash equivalents at the end of the reporting period</b>	23,548

# NOTES TO MAIN FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end 31 March 2025. 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 2024/25 (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 5.8% (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:

When the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling, which is calculated as the net present value of future service costs less net present value of future contributions over the future working lifetime. Where the asset ceiling is the lower, an adjustment is required, which is included as a remeasurement.

#### 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.
- asset ceiling adjustment – reduces to the calculated asset ceiling if this is lower than the asset position.

**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

### 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.

**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

## NOTES TO MAIN FINANCIAL STATEMENTS

**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

A lease is a contract that conveys the right to control the use of an identified asset for a period of time, through rights to both obtain all the economic benefits or service potential of the asset.

This includes arrangements with nil consideration, peppercorn or nominal payments.

#### The Authority as Lessee

All leases are classified as finance leases, and are included on the balance sheet, unless they meet one of the following exemptions:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- the lease is for a short term, defined as less than 365 days at inception or at implementation, (including extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Exempt lease payments are charged directly to revenue service expenditure in the Comprehensive Income and Expenditure Statement, whereas the accounting for finance leases are as follows:

#### Initial measurement

Finance leases are recognised as right-of-use assets with a corresponding lease liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later).

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments,
- variable lease payments that depend on an index or rate,
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

#### Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for assets held under non-commercial leases. Typically these are leases for nil consideration of a peppercorn and are valued using market prices or rentals for equivalent land and properties.

Right-of use assets held under index-linked leases are adjusted for changes in the relevant index.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

## NOTES TO MAIN FINANCIAL STATEMENTS

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The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability.

Depreciation and impairments are not charges against council tax, as the cost of non-current 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.

### The authority as lessor

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.

### 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 – 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 the 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 non-current 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 an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

## 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.

## NOTES TO MAIN FINANCIAL STATEMENTS

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### 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.

### 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.

### 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 2024/25 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

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.

## NOTES TO MAIN FINANCIAL STATEMENTS

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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.

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.

### 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

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### 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 2025/26 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2025. The following changes if adopted for the financial year 2024/25 are not expected to have a material effect on the Authorities Statement of Accounts.

**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate** - Lack of exchangeability

**IFRS 17 Insurance Contracts** - Recognition, measurement, presentation & disclosure of insurance contracts

These changes are not expected to have a material effect on the Council's Statement of 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 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, which is a jointly funded and managed program between NHS England and local authorities to integrate health and social care services.

#### **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 2024/25 financial year and based on the estimates of group financials for our 100% owned companies. With turnover of Aequus Construction Ltd. (ACL) of £11.804m and Aequus Developments Ltd (ADL) of £1.650m 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.

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## 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 2025 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 2025 is £38.0m.

#### 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 £2.3m change for Investment Properties (Note 14), and £2.7m 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 Statement of Accounts was authorised for issue by the Director of Financial Services, Assurance & Pensions (s151 Officer) on xx xxxxxxxx 2025. 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 2025, 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
2024/25	£'000	£'000	£'000	£'000	£'000
Leader	(437)	320	(117)	1	(116)
Council Priorities & Delivery	5,943	-	5,943	1,580	7,523
Resources	3,631	11,814	15,445	2,268	17,713
Economic & Cultural Sustainable Development	(5,453)	(2,346)	(7,799)	(1,469)	(9,268)
Adult Services	62,952	(1,368)	61,584	(4,052)	57,532
Children's Services	52,586	(241)	52,345	1,970	54,315
Climate Emergency & Sustainable Travel	1,457	75	1,532	239	1,771
Built Environment & Sustainable Development	2,786	(1,169)	1,617	(259)	1,358
Neighbourhood Services	28,298	(2,559)	25,739	4,006	29,745
Highways	(2,203)	(1,215)	(3,418)	7,859	4,441
<b>Net Cost Of Services</b>	<b>149,560</b>	<b>3,311</b>	<b>152,871</b>	<b>12,144</b>	<b>165,015</b>
Other Income & Expenditure	(140,194)	(18,017)	(158,211)	(13,380)	(171,591)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>9,366</b>	<b>(14,706)</b>	<b>(5,340)</b>	<b>(1,236)</b>	<b>(6,576)</b>
Opening General Fund Balance at 31 March 2024			86,441		
<b>Closing General Fund Balance at 31 March 2025</b>			<b>91,781</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
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>		



## NOTES TO MAIN FINANCIAL STATEMENTS

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

	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
<b>2024/25</b>					
Leader				320	320
Council Priorities & Delivery				-	-
Resources	16,248	22,310	(22,185)	(4,559)	11,814
Economic & Cultural Sustainable Development	245			(2,591)	(2,346)
Adult Services				(1,368)	(1,368)
Children's Services				(241)	(241)
Climate Emergency & Sustainable Travel				75	75
Built Environment & Sustainable Development				(1,169)	(1,169)
Neighbourhood Services				(2,559)	(2,559)
Highways				(1,215)	(1,215)
<b>Net Cost of Services</b>	16,493	22,310	(22,185)	(13,307)	3,311
Other Income & Expenditure	(16,493)	(22,310)	10,236	10,550	(18,017)
<b>Surplus or Deficit</b>	-	-	(11,949)	(2,757)	(14,706)

	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	1	-	-	1
Council Priorities & Delivery	1,577	-	3	1,580
Resources	(12,093)	(1,063)	15,424	2,268
Economic & Cultural Sustainable Development	(907)	(564)	2	(1,469)
Adult Services	(2,978)	(1,076)	2	(4,052)
Children's Services	2,951	(977)	(4)	1,970
Climate Emergency & Sustainable Travel	239		-	239
Built Environment & Sustainable Development	(36)	(225)	2	(259)
Neighbourhood Services	5,127	(1,123)	2	4,006
Highways	8,322	(463)	-	7,859
<b>Net Cost of Services</b>	2,203	(5,490)	15,431	12,145
Other Income & Expenditure	(13,493)	3,493	(3,380)	(13,380)
<b>Surplus or Deficit</b>	(11,290)	(1,997)	12,051	(1,235)

## NOTES TO MAIN FINANCIAL STATEMENTS

	Rental Income reported at Portfolio Level (a)	Other Income reported at Portfolio Level (a)	Interest Payments reported at Portfolio Level (a)	Other Payments reported at Portfolio Level (a)	Adjustments to the net amount chargeable to the General Fund £'000
2023/24	£'000	£'000	£'000	£'000	£'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>	16,501	20,570	(17,941)	(14,384)	4,746
Other Income & Expenditure	(16,501)	(20,570)	7,354	11,419	(18,298)
<b>Surplus or Deficit</b>	-	-	(10,587)	(2,965)	(13,552)

	Adjustment for capital purposes (b)	Net charges for Pension Fund adjustment (c)	Other Adjustments (d)	Total Adjustments Between Funding & Accounting Basis
	£'000	£'000	£'000	£'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>	21,877	(4,875)	12,267	29,269
Other Income & Expenditure	(2,895)	4,841	(2,326)	(381)
<b>Surplus or Deficit</b>	18,981	(34)	9,941	28,888

(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

2024/25	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	17,188			(17,188)
Revaluation gains / Impairments on Property Plant & Equipment	(3,533)			3,533
Movements in the Market Value of Investment Properties	11,217			(11,217)
Amortisation of Intangible Assets	178			(178)
Capital Grants & contributions applied	(7,881)			7,881
Revenue expenditure funded from Capital under Statute	9,596			(9,596)
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	2,021			(2,021)
Impairment allowance for capital expenditure loans	(5)			5
<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	(11,563)			11,563
Principal repayment of Avon Loan	(387)			387
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(23,232)		23,232	
Application of grants to capital financing transferred to the Capital Adjustment Account			(23,232)	23,232
<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	(3,499)	3,499		
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,436)		2,436
Capital expenditure financed from revenue	(1,389)			1,389
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	10,532			(10,532)
<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.	140			(140)
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	20,055			(20,055)
Employer's pensions contribution and direct payments to pensioners payable in the year	(22,052)			22,052
<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	1,649			(1,649)
<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	6			(6)
Other movements	(107)			107
<b>Total Adjustments</b>	<b>(1,235)</b>	<b>1,071</b>	<b>-</b>	<b>164</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

2023/24

	Usable Reserves			
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'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	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

### 9 OTHER OPERATING EXPENDITURE

	2024/25	2023/24
	£'000	£'000
(Gain) / Loss on disposal of non-current assets	(1,486)	(157)
Parish Precepts	3,763	3,365
Levy payments to joint bodies	5,462	5,459
	<u>7,739</u>	<u>8,667</u>

### 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25	2023/24
	£'000	£'000
Interest Payable & Premiums	10,236	7,354
Interest & Investment Income	(2,341)	(2,302)
Net Deficit/(Surplus) on Trading Services	(442)	97
Income & expenditure in relation to Investment properties and changes in fair value	(3,931)	(401)
Impairment of Financial Instruments	(5)	6
Loss / (Gain) on Financial Instruments carried at Fair Value through Profit or Loss	140	1,089
Net Interest on the Net Defined Benefit Liability (Asset)	3,493	4,841
	<u>7,150</u>	<u>10,684</u>

### 11 TAXATION AND NON-SPECIFIC GRANT INCOME

	2024/25	2023/24
	£'000	£'000
Council Tax Income	(123,968)	(117,301)
Non-Domestic Rates Income & Expenditure	(19,204)	(24,206)
Non-ringfenced Government grants	(19,969)	(18,268)
Capital grants and contributions & Donated Assets	(23,339)	(17,309)
	<u>(186,480)</u>	<u>(177,084)</u>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT & EQUIPMENT

Movement in 2024/25:

	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 2024</b>	305,607	4,874	50,747	40,274	3,429	48,564	<b>453,495</b>
Adjustment to opening balance	(2,427)		507		(4)		<b>(1,924)</b>
Additions	6,407	12	3,944	13,703	18	-	<b>24,084</b>
Revaluations increases/(decreases) recognised in the Revaluation Reserve	23,874	-	-	-	127	3,579	<b>27,580</b>
Revaluations increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	2,733	-	-	-	-	-	<b>2,733</b>
De-recognition - Disposals	(1,309)	-	(4,004)	-	-	-	<b>(5,313)</b>
Assets reclassified to/from Held for sale	-	-	-	-	-	-	-
Reclassifications - other	(53)	(1,420)	471	(622)	-	-	<b>(1,624)</b>
Other Movements	-	-	-	-	-	-	-
<b>Valuation as at 31 March 2025</b>	<b>334,832</b>	<b>3,466</b>	<b>51,666</b>	<b>53,356</b>	<b>3,571</b>	<b>52,143</b>	<b>499,034</b>

#### Accumulated Depreciation and Impairment

Accumulated depreciation as at 1 April 2024	(2,104)	-	(28,823)	-	-	-	<b>(30,928)</b>
Adjustment to opening balance	18				-		<b>18</b>
Depreciation charge in year	(4,995)	-	(5,507)	-	-	-	<b>(10,502)</b>
Depreciation written out to the Revaluation Reserve	3,690	-	-	-	-	-	<b>3,690</b>
Depreciation written out to the Surplus/Deficit on Provision of Services	766	-	34	-	-	-	<b>800</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/deficit on Provision of Services*	-	-	-	-	-	-	-
De-recognition - disposals	2	-	3,729	-	-	-	<b>3,731</b>
Other Movements in Depreciation & Impairment	-	-	-	-	-	-	-
<b>Accumulated depreciation at 31 March 2025</b>	<b>(2,624)</b>	<b>-</b>	<b>(30,567)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,191)</b>
<b>Balance sheet amount 31 March 2025</b>	<b>332,209</b>	<b>3,466</b>	<b>21,098</b>	<b>53,356</b>	<b>3,571</b>	<b>52,143</b>	<b>465,843</b>

#### Revaluations (GBV)

Carried at Historic Cost	2,186	3,466	51,666	53,356	11		110,685
Heritage Valuations (Insurance or Curatorial)						52,143	52,143
Leased Assets @ Fair Value	5,427		982				6,409
Valued at Current value as at:							
Y/E 31/03/2025	271,094						271,094
Y/E 31/03/2024	31,542				193		31,735
Y/E 31/03/2023	9,226				7		9,233
Y/E 31/03/2022	7,937				2,579		10,516
Y/E 31/03/2021	7,420				781		8,201
<b>Total Cost or Valuation</b>	<b>334,832</b>	<b>3,466</b>	<b>52,648</b>	<b>53,356</b>	<b>3,571</b>	<b>52,143</b>	<b>500,016</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

Comparative Movements in 2023/24:

	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 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>
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>

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

### Revaluations

The Council carries out an annual valuation programme that ensures all PPE required to be measured, which excludes leases in assets. Every assets must be valued at least every five years, along with revaluations if material changes have occurred. New valuations undertaken in 2024/25 were carried out to the value of £277.1m. Along with existing valid valuations, acquisitions and disposals this gave a total valuation of £327.2m. 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.

## NOTES TO MAIN FINANCIAL STATEMENTS

### Capital Commitments

At 31 March 2025 the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years estimated to cost £33.435m. These are detailed below:

	2024/25 £'000	2023/24 £'000
Bath Western Riverside Phase 2	17,279	374
Bath Quays	985	1,440
Clean Air Zone	44	42
Cleveland Bridge	69	70
Cycling and Walking Schemes	284	99
Education & Children's Services	638	300
Expansion of St Keyna Primary School	1,947	3,760
Green Infrastructure incl Parks & Allotments	230	246
Keynsham Reuse and Recycling Centre	113	391
Liveable Neighbourhoods	280	193
Odd Down Sports Ground & Other Leisure	238	-
Resources (Property) Schemes	2,696	2,509
Social Rent Programme	5,744	2,511
Somer Valley Enterprise Zone	1,408	-
Waste incl Cleaning Vehicles	198	1,188
Other	1,282	1,038
<b>Total</b>	<b>33,435</b>	<b>14,161</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.

	2024/25 £'000	2023/24 £'000
<b>Net book Value at 1 April</b>	<b>144,297</b>	<b>133,532</b>
Additions	16,244	11,920
Depreciation	(6,686)	(5,970)
Impairment	-	-
Reclassifications	1,394	4,908
Other Movements	-	(94)
<b>Net book Value at 31 March</b>	<b>155,248</b>	<b>144,297</b>

### 13 HERITAGE ASSETS

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

2024/25 Cost or Valuation	Victoria Art Gallery £'000	Roman Baths £'000	Fashion Museum £'000	Chandeliers £'000	Records Office £'000	Library £'000	Total £'000
1st April	16,050	10,063	12,200	2,000	5,440	2,811	48,564
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	3,482	-	97	-	-	-	3,579
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>19,532</b>	<b>10,063</b>	<b>12,297</b>	<b>2,000</b>	<b>5,440</b>	<b>2,811</b>	<b>52,143</b>

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

2023/24 Cost or Valuation	Victoria Art Gallery £'000	Roman Baths £'000	Fashion Museum £'000	Chandeliers £'000	Records Office £'000	Library £'000	Total £'000
1st April	16,050	10,063	12,200	2,000	5,440	2,811	48,564
Additions	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
<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.

	2024/25 £'000	2023/24 £'000
Rental Income from Investment Property	(16,493)	(16,501)
Direct operating expenses arising from Investment Property	1,345	1,537
Net gain/(loss)	(15,148)	(14,964)

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.

	2024/25 £'000	2023/24 £'000
Balance at start of year	242,016	256,385
Adjustment to opening balance	(549)	
Additions of expenditure	2,963	2,232
Disposals	(439)	-
Net gains/(losses) from fair value adjustments	(11,217)	(14,563)
Transfer (to)/from Property, Plant & Equipment	231	(2,038)
<b>Balance at end of the year</b>	<b>233,005</b>	<b>242,016</b>

The Council carries out annual valuations of all investment properties. The valuer's report identified a total valuation of £232.3m, 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.

	2024/25 £'000	2023/24 £'000
<b>Cost or valuation as at 1 April</b>	<b>1,548</b>	<b>1,485</b>
Purchases	5	61
Transfers	-	-
Disposals	(31)	2
Net gains/losses from fair value adjustments		
<b>Cost or valuation as at 31 March</b>	<b>1,522</b>	<b>1,548</b>
Accumulated Amortisation as at 1 April	(1,069)	(836)
Amortisation for the year	(178)	(233)
Amortisation Write Back (Disposals)	31	-
Accumulated Amortisation at 31 March	(1,216)	(1,069)
<b>Net Carrying amount at 31 March</b>	<b>305</b>	<b>478</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 16 DISCLOSURE OF TRANSITIONAL ACCOUNTING ADJUSTMENTS - LEASES

In 2024/25, the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.14%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the balance sheet

- £5.990m Property, plant and equipment – land and buildings (right-of-use assets)
- £5.497m Non-current creditors (lease liabilities)
- £0.148m Current creditors (lease liabilities)

The newly recognised lease liabilities of £5.915m compare with the operating lease commitments of £12.411m at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £6.891m (using the incremental borrowing rate at 1 April 2024), there is a difference of £0.975m from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items, leases that will expire before 31 March 2025 and the use of Granfarthing to transfer leases at their treatment under IAS17 Leases as operating leases.

The Council has a large number of nil consideration leases to third parties which were previously not required to be included in lease accounting but from the implementation of IFRS 16 are. As a result of this 33 leases were determined to be let for the majority (>90%) of their useful life and as a result £8.445m of leased assets were removed from the opening balance of fixed assets in line with guidance.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 17 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	31 March	31 March	31 March
	2024	2025	2024	2025
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost - loans	236,204	210,903	10,000	65,000
Accrued Interest <sup>(1)</sup>	-	-	2,311	3,501
Financial liabilities at amortised cost trade creditors	-	-	17,386	17,888
<b>Total borrowings</b>	<b>236,204</b>	<b>210,903</b>	<b>29,697</b>	<b>86,389</b>
Lease Liabilities included in other long term Liabilities & creditors	5,497	5,995	418	680
<b>Other Long Term Liabilities</b>	<b>5,497</b>	<b>5,995</b>	<b>418</b>	<b>680</b>

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

	31 March	31 March	31 March	31 March
	2024	2025	2024	2025
	£'000	£'000	£'000	£'000
Financial assets held at amortised cost *	-	-	22,100	22,600
Accrued Interest <sup>(1)</sup> *	-	-	223	194
Financial assets held at fair value through profit and loss	-	-	7,693	7,553
Cash	-	-	2,050	849
Loans & receivables - Loans	7,004	6,909	42	67
Loans & receivables - trade debtors	-	-	15,970	11,915
<b>Total Investments</b>	<b>7,004</b>	<b>6,909</b>	<b>48,078</b>	<b>43,178</b>

<sup>(1)</sup> 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 £22.699m as at 31st March 2025, with the remaining £0.099m being short term investments. (£22.215m Cash Equivalents as at 31st March 2024, with £0.18m 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 2024	31 March 2024	Total 31 March 2024	31 March 2025	31 March 2025	Total 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense *	(7,284)	-	(7,284)	(9,312)	-	(9,312)
Interest on Leases	-	-	-	(422)	-	(422)
Impairment Losses	-	(6)	(6)	-	5	5
Premium on Early Repayment of Debt	428	-	428	-	-	-
<b>Interest Payable &amp; Similar Charges</b>	<b>(6,856)</b>	<b>(6)</b>	<b>(6,862)</b>	<b>(9,734)</b>	<b>5</b>	<b>(9,729)</b>
Interest Income	1,863	439	2,302	1,916	425	2,341
<b>Interest &amp; investment Income</b>	<b>1,863</b>	<b>439</b>	<b>2,302</b>	<b>1,916</b>	<b>425</b>	<b>2,341</b>
Net Gain / (Loss) on Financial Assets Measured at Fair Value Through Profit or Loss	-	(1,089)	(1,089)	-	(140)	(140)
<b>Total Net gain/(loss) for the Year</b>	<b>-</b>	<b>(1,089)</b>	<b>(1,089)</b>	<b>-</b>	<b>(140)</b>	<b>(140)</b>
<b>Total Net Income, Expense, Gains &amp; Losses</b>	<b>(4,993)</b>	<b>(656)</b>	<b>(5,649)</b>	<b>(7,818)</b>	<b>290</b>	<b>(7,528)</b>

\* The Council also paid £0.889m (of which £0.387m 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

		31 March 2024		31 March 2025	
	Fair Value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost:					
Financial Liabilities - PWLB Loans (Long Term Borrowing)	2	227,692	195,770	202,313	161,801
Financial Liabilities - Local & Police Authority Loans (Long Term Borrowing)	2				
Financial Liabilities - Market Loans (Long Term Borrowing)	2	10,409	11,616	10,406	11,047
<b>Total</b>		238,101	207,386	212,719	172,848
<i>Liabilities for which fair values are not disclosed:</i>					
Financial Liabilities - PWLB Loans (Short Term Borrowing)		-		30,606	
Financial Liabilities - Local & Police Authority Loans (Short Term Borrowing)		10,413		36,080	
Financial Liabilities - trade creditors (see Note 21)		17,386		17,888	
<b>Total Financial Liabilities</b>		265,900		297,293	

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 2025 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 2025) arising from a commitment to pay interest to lenders below current market rates.

		31 March 2024		31 March 2025	
	Fair value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
<i>Financial assets held at fair value:</i>					
Strategic Investment funds	2	7,693	7,693	7,553	7,553
<i>Financial assets held at amortised cost:</i>					
Money market funds and S/Term deposits	1	22,100	20,100	22,600	22,100
<b>Total</b>		29,793	27,793	30,153	29,653
<i>Assets for which fair value is not disclosed:</i>					
Accrued Interest		223		194	
Cash		2,050		849	
Loans & receivables - Loans		7,046		6,976	
Loans & Receivables - trade debtors (see Note 19)		15,970		11,915	
<b>Total Financial Assets</b>		55,082		50,087	

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

## NOTES TO MAIN FINANCIAL STATEMENTS

### 18 NATURE & EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### 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 2024/25 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 2024/25 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, and adjusted 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 2025, the value of the loss allowances related to treasury investments was £20k. (2023/24 £0).

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 2024/25.

	Aequus Development Limited	Aequus Construction Limited	Aequus Working Capital	Other Loans	Totals
	£'000	£'000	£'000	£'000	£'000
Loans Brought Forward	6,998	-	-	78	7,076
New Loan Issued (*)	1,434	-	-	-	1,434
Repayments	(1,500)	-	-	(9)	(1,509)
<b>Loans Balance at 31st March 2025</b>	<b>6,932</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>7,001</b>
Cumulative IFRS 9 Loan Impairments at 31st March 2025	(24)	-	-	(1)	(25)

## NOTES TO MAIN FINANCIAL STATEMENTS

	2025 £'000	2024 £'000
Trade Debtors	11,915	15,970
Total debtors at 31st March (including trade debtors)	60,903	56,844

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 £11.9m outstanding at 31st March 2025 is all past its due date for payment.

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

	31 March 2025 £'000's	31 March 2024 £'000's
Less than three months	8,160	12,696
Three to six months	798	730
Six months to one year	800	928
More than one year	2,157	1,616
	<u>11,915</u>	<u>15,970</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 2025 £'000's %		Amount at 31 March 2024 £'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%	-	0.0%
UK - Other Financial Institutions	22,699	74.8%	22,215	74.0%
Pooled funds not subject to credit risk	7,648	25.2%	7,800	26.0%
<b>Total</b>	<u>30,347</u>	<u>100%</u>	<u>30,015</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 30% 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 2024 £'000	31 March 2025 £'000
Borrowing due for repayment:		
Under 1 year *	20,193	75,190
Between 1 and 2 years	20,000	-
Between 2 and 5 years	-	10,000
Between 5 and 10 years	15,000	20,300
Between 10 and 15 years	40,300	31,057
Between 15 and 20 years	73,838	71,622
Between 20 and 25 years	17,019	8,311
Between 25 and 30 years	-	-
Between 30 and 35 years	-	5,000
Between 35 and 40 years	20,000	20,000
Between 40 and 45 years	39,854	34,423
Between 45 and 50 years	0	0
	<u>246,204</u>	<u>275,903</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 2025 the balance of liquid cash held was £22.7m (31 March 2024 £22.2m).

## 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 2025, 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	584	(486)
Increase / Decrease in interest receivable on variable rate investments	(209)	209
Impact on Income and Expenditure Statement	<b>375</b>	<b>(277)</b>
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)	(26)	26
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)	(14,682)	17,209

### 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 2025 would result in a £0.17m 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.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 19 DEBTORS

	2024/25 £'000	2023/24 £'000
Amounts falling due in one year:		
Central Government bodies	9,499	7,013
Other local authorities	20,967	14,181
NHS bodies	4,518	5,196
Other entities and individuals (Trade Debtors)	11,915	15,970
Other entities and individuals (Non-Trade Debtors)	10,643	10,091
Prepayments	3,361	4,393
<b>Total - Current Assets</b>	<b>60,903</b>	<b>56,844</b>
Amounts falling after one year:	£'000	£'000
Other entities and individuals	9,035	8,875
<b>Total - Long Term Assets</b>	<b>9,035</b>	<b>8,875</b>

### 20 CASH AND CASH EQUIVALENTS

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

	2024/25 £'000	2023/24 £'000
Cash held by the Authority	118	120
Bank current accounts	731	1,930
Short-term deposits	22,699	22,215
<b>Total cash and cash equivalents</b>	<b>23,548</b>	<b>24,265</b>

### 21 CREDITORS

	2024/25 £'000	2023/24 £'000
Central government bodies	2,631	2,855
Other local authorities	9,457	9,779
NHS bodies	1,112	5,680
Other entities and individuals (Trade Creditors)	17,888	17,386
Other entities and individuals (Non-Trade Creditors)	20,193	21,890
Income Received in Advance	7,030	6,038
Pensions Fund	5,066	6,419
<b>Total - Current Liabilities</b>	<b>63,377</b>	<b>70,047</b>
Amounts falling after one year:	£'000	£'000
Lease Liabilities	5,995	-
<b>Total - Long Term Liabilities</b>	<b>5,995</b>	<b>-</b>

### 22 PROVISIONS FOR LIABILITIES

Provisions comprise:	31 March 2024 £'000	New Provisions £'000	Utilised in Year £'000	Written Back £'000	31 March 2025 £'000
NNDR Appeals Provision	5,197	1,796	(1,848)		5,145
Dilapidations Provisions	2,567		(80)	(987)	1,500
	7,764	1,796	(1,928)	(987)	6,645

\* The NNDR Appeals Provision is for appeals made to the Valuation Office in respect of NNDR valuations.

\* The Dilapidations Provisions relates to dilapidation costs resulting from the exit of a long-term leases.

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.

<b>Unearmarked Reserves</b>	31 March 2023 £'000	transfers to 2023/24 £'000	transfers from 2023/24 £'000	31 March 2024 £'000	transfers to 2024/25 £'000	transfers from 2024/25 £'000	31 March 2025 £'000
General Fund Balances unearmarked	12,802	27,299	(27,312)	12,789	16,356	(16,561)	12,584
<b>Earmarked Reserves</b>	31 March 2023 £'000	transfers to 2023/24 £'000	transfers from 2023/24 £'000	31 March 2024 £'000	transfers to 2024/25 £'000	transfers from 2024/25 £'000	31 March 2025 £'000
LMS Schools Balances*	834	357	-	1,191	685		1,876
Corporate Earmarked Reserves	39,840	17,546	(11,270)	46,116	16,508	(6,325)	56,299
Service Specific Reserves	1,893	2,996	(453)	4,436	705	(586)	4,555
General Service Earmarked Reserves	28,257	2,364	(8,712)	21,909	913	(6,354)	16,468
	70,824	23,263	(20,435)	73,652	18,811	(13,265)	79,197
<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>35,167</b>	<b>(29,826)</b>	<b>91,781</b>
<b>Other Usable Reserves</b>							
Capital Receipts Reserve	9,042	1,025	(2,356)	7,711	3,507	(2,436)	8,782
Capital Grants Unapplied Reserve	-	18,332	(18,332)	-	27,982	(27,982)	-
<b>Total Usable Reserves</b>	<b>92,668</b>	<b>69,919</b>	<b>(68,435)</b>	<b>94,152</b>	<b>66,656</b>	<b>(60,244)</b>	<b>100,563</b>

\* LMS Schools balances will be used by individual schools

	31 March 2023 £'000	transfers to 2023/24 £'000	transfers from 2023/24 £'000	31 March 2024 £'000	transfers to 2024/25 £'000	transfers from 2024/25 £'000	31 March 2025 £'000
<b>Corporate Earmarked Reserves</b>							
Insurance Fund	1,041	241	(206)	1,076	185	(317)	944
Capital Financing Reserve	10,214	1,449		11,663	1,454		13,117
Revenue Funding of Capital	616	1,295	(1,015)	896	4,382	(1,508)	3,770
Financial Planning & Smoothing Reserve	3,200		(358)	2,842	4,192	(737)	6,297
Revenue Budget Contingency Reserve	3,469	109	(230)	3,348		(881)	2,467
Revenue Grants Unapplied	4,712	371	(4,046)	1,037	188	(397)	828
Transformation Investment Reserve	1,887		(487)	1,400		(413)	987
Restructuring & Severance Reserve	1,806	3,200	(124)	4,882		(47)	4,835
Business Rates Reserve	1,301	10,048	(1,201)	10,148	6,107		16,255
City Region Sustainable Transport Settlement Reserve	3,000			3,000			3,000
COVID-19 Reserves	3,814		(2,724)	1,090		(1,090)	-
Other (Incl. Inflation)	4,780	833	(879)	4,734		(935)	3,799
	39,840	17,546	(11,270)	46,116	16,508	(6,325)	56,299

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 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 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	transfers to 2023/24	transfers from 2023/24	31 March 2024	transfers to 2024/25	transfers from 2024/25	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Service Earmarked Reserves</b>							
Information Technology Reserve	471		(54)	417		(219)	198
Finance VAT Advice Reserve	389		(75)	314		(69)	245
Waste Reprovision Reserve	942			942			942
Public Transport Reserve	155		(12)	143		(22)	121
Combe Down Stone Mines Interpretation Centre Reserve	128		(38)	90			90
Social Care Reserve	7,171		(1,529)	5,642		(1,588)	4,054
ICS Transformation Reserve	5,378		(5,378)	-			-
Commercial Estate Reinvestment Reserve	1,881		(208)	1,673			1,673
Park & Ride Smoothing Reserve	2,334		(415)	1,919		(607)	1,312
Clean Air Zone Reserves	8,956	2,289	(665)	10,580	818	(3,849)	7,549
Other Service Reserves	452	75	(338)	189	95		284
	<b>28,257</b>	<b>2,364</b>	<b>(8,712)</b>	<b>21,909</b>	<b>913</b>	<b>(6,354)</b>	<b>16,468</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 supported 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

	31 March 2025 £'000	31 March 2024 £'000
Revaluation Reserve	225,064	202,980
Capital Adjustment Account	247,365	236,216
Deferred Capital Receipts Reserve	353	361
Financial Instruments Adjustment Account	(4,983)	(5,153)
Dedicated Schools Grant Adjustment Account	(32,796)	(22,264)
Pooled Fund Adjustment Account	(2,447)	(2,307)
Accumulated Absences Account	(663)	(657)
Pensions Reserve	(37,980)	(83,136)
Collection Fund Adjustment Account	4,460	6,109
<b>Total Unusable Reserves</b>	<b>398,373</b>	<b>332,149</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.

	2024/25 £'000	2023/24 £'000
Balance at 1 April	202,980	195,949
Adjustment to opening balance	(5,974)	
Upwards revaluation of assets	37,158	21,950
Downwards revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	(5,887)	(12,567)
Impairment losses not charged to the Surplus/Deficit on the Provision of Services		
Transfer of depreciation on re-valued assets	(1,946)	(2,256)
Written Back on asset disposal and transfer	(1,267)	(96)
Impairment of fixed assets - transfer		
<b>Balance at 31 March</b>	<b>225,064</b>	<b>202,980</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.

	2024/25 £'000	2024/25 £'000	2023/24 £'000
Balance at 1 April		236,216	251,492
Adjustment to opening balance		(2,396)	-
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	(17,188)		(16,431)
Revaluation gains/losses on Property, Plant & Equipment	3,533		(14,085)
Amortisation of intangible assets	(178)		(233)
Impairment allowance for capital expenditure loans	5		(9)
Revenue expenditure funded from capital under statute	(9,596)		(7,962)
Grant funding of revenue expenditure funded from capital under statute	7,881		5,879
		(15,543)	(32,840)
Adjusting amounts written out of the Revaluation Reserve			
Transfer of depreciation on re-valued assets		1,946	2,256
Transfer of revaluation reserve balance on asset disposal		1,267	96
Net written out amount of the cost of non-current assets consumed in the year		(12,330)	(30,488)
Capital financing applied in the year:			
Use of capital receipts reserve to finance new capital expenditure	2,436		2,356
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	23,232		17,308
Capital expenditure financed from revenue	1,389		928
Minimum Revenue Provision	11,563		10,184
		38,620	30,776
Movements in the market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement		(11,217)	(14,563)
Deferred liability - Repayment of Avon Loan Debt		386	403
Repayment of CAZ vehicle loan		-	16
Carrying value of fixed assets disposed of		(2,021)	(867)
Other movements		107	(551)
<b>Balance at 31 March</b>		<b>247,365</b>	<b>236,216</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.

	2024/25 £'000	2024/25 £'000	2023/24 £'000
Balance at 1 April		(5,153)	(5,322)
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	170		169
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.		170	169
<b>Balance at 31 March</b>		<b>(4,983)</b>	<b>(5,153)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 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.

	2024/25 £'000	2024/25 £'000	2023/24 £'000
Balance at 1 April		(22,264)	(13,453)
Adjustment to Opening Balance			
DSG (Over) / Underspend in year	(10,532)		(8,810)
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.		(10,532)	(8,810)
<b>Balance at 31 March</b>		<b>(32,796)</b>	<b>(22,264)</b>

### 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.

	2024/25 £'000	2023/24 £'000
Balance at 1 April	(2,307)	(1,218)
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.	(140)	(1,089)
<b>Balance at 31 March</b>	<b>(2,447)</b>	<b>(2,307)</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.

	2024/25 £'000	2023/24 £'000
Balance at 1 April	(83,136)	(116,640)
Remeasurements of the net defined benefit liability / (asset)	43,159	33,470
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	(20,055)	(19,630)
Employer's pensions contributions and direct payments to pensioners payable in the year	22,052	19,664
<b>Balance at 31 March</b>	<b>(37,980)</b>	<b>(83,136)</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.

	2024/25 £'000	2023/24 £'000
Balance at 1 April	361	368
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement		
Transfer to the Capital Receipts Reserve upon receipt of cash	(8)	(8)
<b>Balance at 31 March</b>	<b>353</b>	<b>361</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 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.

	2024/25 £'000	2023/24 £'000
Balance at 1 April	6,109	6,307
Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	(1,649)	(198)
<b>Balance at 31 March</b>	<b>4,460</b>	<b>6,109</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.

	2024/25 £'000	2024/25 £'000	2023/24 £'000
Balance at 1 April		(657)	(630)
Settlement or cancellation of accrual made at the end of the preceding year	657		630
Amounts accrued at the end of the current year	(663)		(657)
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		(6)	(27)
<b>Balance at 31 March</b>		<b>(663)</b>	<b>(657)</b>

## 25 CASH FLOW STATEMENT

### Note A to the cash flow statement

	2024/25 £'000	2023/24 £'000
Net Surplus or (Deficit) on the Provision of Services	6,576	(26,073)
<u>Adjust net surplus or deficit on the provision of services for non cash movements</u>		
Depreciation	17,188	16,431
Impairment and downward valuations	(3,533)	14,084
Amortisation	178	232
Impairment allowance on service loans	(5)	9
Adjustment for internal interest charged	140	247
Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	193	1,089
Adjustments for effective interest rates	(3)	(430)
Increase/Decrease in Interest Creditors	1,191	638
Increase/Decrease in Creditors	(10,873)	3,514
Increase/Decrease in Interest and Dividend Debtors	28	491
Increase/Decrease in Debtors	(2,202)	(6,340)
Increase/Decrease in Inventories	(59)	(188)
Movement in Pension Liability	(1,997)	(34)
Contributions to/(from) Provisions	(1,119)	(7,768)
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	2,021	867
Movement in investment property values	11,217	14,563
Total adjustments on the provision of services for non cash movements	12,366	37,406
<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	(31,113)	(23,188)
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	(3,499)	(1,018)
Total adjustments on the provision of services that are investing or financing activities	(34,613)	(24,206)
<b>Net Cash Flows from Operating Activities</b>	<b>(15,671)</b>	<b>(12,873)</b>

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

	2024/25 £'000	2023/24 £'000
<b>Operating activities within the cash flow statement include the following cash flows relating to interest</b>		
Ordinary interest received	2,277	2,240
Opening Debtor	223	268
Closing Debtor	(194)	223
<b>Interest Received</b>	<b>2,306</b>	<b>2,731</b>
Interest charge for year	(10,236)	(7,354)
Adjustment for difference between effective interest rates and actual interest payable	(3)	(431)
Adjustment for internal interest charged to balance sheet funds	193	248
Opening Creditor	(2,503)	(1,865)
Closing Creditor	3,694	2,503
<b>Interest Paid</b>	<b>(8,855)</b>	<b>(6,899)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### **Note C to the Cash Flow Statement - Cash Flows from Investing Activities**

	2024/25	2023/24
	£'000	£'000
Property, Plant and Equipment Purchased	(40,328)	(51,957)
Purchase of Investment Properties	(2,963)	(2,232)
Other Capital Payments	(5)	(61)
Add back new Leases (non cash flow item)	1,178	-
Opening Capital Creditors	(6,218)	(8,070)
Closing Capital Creditors	5,201	6,218
Purchase of Property, Plant and Equipment, investment property and intangible assets	(43,135)	(56,102)
Purchase of short term investments	(15,000)	(5,000)
Long term loans granted	(1,696)	(1,551)
Capital Grants Repaid	(388)	(904)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	3,507	1,025
Proceeds / (Purchase) from short term investments	15,000	10,000
Other capital cash receipts	1,509	273
Capital Grants Received / (Repaid)	24,130	32,777
Other Receipts / (Payments) from Investing Activities	25,639	33,050
<b>Total Cash Flows from Investing Activities</b>	<b>(16,073)</b>	<b>(19,482)</b>

### **Note D to the Cash Flow Statement - Cash Flows from Financing Activities**

	2024/25	2023/24
	£'000	£'000
Cash receipts of long term borrowing	40,000	50,000
Billing Authorities - Council Tax and NNDR adjustments	2,129	(7,274)
Repayment of Short-Term and Long-Term Borrowing	(10,684)	(14,647)
Payments for the reduction of a lease liability	(418)	-
<b>Total Cash Flows from Financing Activities</b>	<b>31,027</b>	<b>28,079</b>

### **Note E - Makeup of Cash and Cash Equivalents**

	2024/25	2023/24
	£'000	£'000
Cash and Bank Balances	849	2,050
Cash Investments - regarded as cash equivalents	22,699	22,215
Bank Overdraft	-	-
	<b>23,548</b>	<b>24,265</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 26 EXPENDITURE & INCOME ANALYSIED BY NATURE

	2024/25 £'000	2023/24 £'000
<b>Expenditure</b>		
Employee expenditure	138,829	125,299
Other service expenditure	297,189	287,046
Depreciation amortisation & impairment	13,833	31,300
Decrease in Investment Estate Fair Value	11,217	14,563
Interest Expenditure (Inc. Net Interest on Net Defined Benefit Liability)	13,729	12,195
Loss / (Gain) & Impairments on Financial Instruments	135	1,095
Precepts and levies	9,225	8,824
	<b>484,158</b>	<b>480,322</b>
<b>Income</b>		
Sales, Fees and charges and other misc. income (including Contributions)	(122,688)	(117,001)
Income from Council Tax & Business Rates	(143,172)	(141,507)
Loss/(Gain) on disposal of non-current assets	(1,486)	(157)
Income from Investment Estate	(16,493)	(16,501)
Government Grants & Contributions	(204,554)	(176,781)
Interest & Investment Income	(2,341)	(2,302)
	<b>(490,734)</b>	<b>(454,249)</b>
<b>(Surplus) / Deficit on provision of services</b>	<b>(6,576)</b>	<b>26,073</b>

### 27 SEGMENT REPORTING

	2024/25 £'000	2023/24 £'000
<b>Depreciation amortisation &amp; impairment</b>		
Leader	1	-
Council Priorities & Delivery	-	-
Resources	1,251	1,306
Economic & Cultural Sustainable Development	(906)	5,213
Adult Services	(3,068)	1,812
Children's Services	2,961	751
Climate Emergency & Sustainable Travel	239	242
Built Environment & Sustainable Development	(94)	2,062
Neighbourhood Services	5,127	12,778
Highways	8,322	7,136
<b>Total</b>	<b>13,833</b>	<b>31,300</b>
<b>Revenues from external customers / Contributions</b>		
Leader	(772)	(851)
Council Priorities & Delivery	(218)	(329)
Resources	(10,438)	(6,583)
Economic & Cultural Sustainable Development	(29,377)	(26,750)
Adult Services	(39,055)	(39,308)
Children's Services	(5,639)	(5,930)
Climate Emergency & Sustainable Travel	(830)	(532)
Built Environment & Sustainable Development	(4,886)	(5,119)
Neighbourhood Services	(10,261)	(9,277)
Highways	(21,212)	(22,322)
<b>Total</b>	<b>(122,688)</b>	<b>(117,001)</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### 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, acting as the lead commissioner as described in Accounting Policy 1.28. During 2024/25 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.

	2024/25 £'000	2023/24 £'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>38,060</b>	<b>37,890</b>
<b>Net (Underspend) / Overspend</b>	<b>6,967</b>	<b>6,797</b>
<b>Overspend Recharged</b>		
Bath & North East Somerset Council	5,137	4,585
NHS BSW Integrated Care Board	1,830	2,212

#### 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.

	2024/25 £'000	2023/24 £'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	244	254
NHS BSW Integrated Care Board	569	552
<b>Total Funding</b>	<b>813</b>	<b>806</b>
<b>Total Expenditure</b>	<b>995</b>	<b>1,051</b>
<b>Net (Underspend) / Overspend</b>	<b>182</b>	<b>245</b>
<b>Overspend Recharged</b>		
Bath & North East Somerset Council	55	
NHS BSW Integrated Care Board	127	245



## 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.

	2024/25 £'000	2023/24 £'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	9,012	8,548
Bath & North East Somerset Council - Community Services Contract	12,811	21,038
NHS BSW Integrated Care Board	17,646	16,367
NHS BSW Integrated Care Board - Community Services Contract	29,504	29,368
<b>Total Funding</b>	<b>68,973</b>	<b>75,321</b>
Spend on Better Care Fund schemes	25,267	23,525
Spend on Community Services Contract	43,706	51,796
<b>Total Expenditure</b>	<b>68,973</b>	<b>75,321</b>

### 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.

	2024/25 £'000	2023/24 £'000
<b>Gross Funding</b>		
Bath & North East Somerset Council	2,574	2,574
NHS BSW Integrated Care Board	454	454
<b>Total Funding</b>	<b>3,028</b>	<b>3,028</b>
<b>Total Expenditure</b>	<b>6,570</b>	<b>7,064</b>
<b>Net (Underspend) / Overspend</b>	<b>3,542</b>	<b>4,036</b>
<b>Overspend Recharged</b>		
Bath & North East Somerset Council	3,011	3,431
NHS BSW Integrated Care Board	531	605

## NOTES TO MAIN FINANCIAL STATEMENTS

### 29 MEMBERS' ALLOWANCES

The total cost of Members Allowances for 2024/25 including employers national insurance, pensions contributions and expenses was £1,160,831 (£1,053,347 in 2023/24).

		Basic Allowance	Special Responsibility Allowance	Expenses	Total
		£	£	£	£
AUTON	M	11,656	-	-	11,656
BALL	TM	11,656	21,960	-	33,616
BEAUMONT	A	11,656	-	-	11,656
BIDDLESTON	D	11,656	-	-	11,656
BLACKBURN	C	11,656	-	-	11,656
BORN	A	11,656	21,960	-	33,616
BOX	A	11,656	469	67	12,192
COLLINS	D	11,656	2,117	-	13,773
CROSSLEY	PN	11,656	5,693	-	17,349
DANDO	C	11,656	4,343	-	15,999
DAVID	J	11,656	-	-	11,656
ELLIOTT	M	11,656	21,960	-	33,616
EVANS	S	11,656	-	-	11,656
GOURLEY	F	11,656	-	-	11,656
GUY	K	11,656	55,253	315	67,224
HALE	AD	11,656	-	-	11,656
HALSALL	I	11,656	14,768	-	26,424
HARDING	D	11,656	-	-	11,656
HARDMAN	EJ	11,656	2,404	49	14,108
HEATHCOTE	G	11,656	-	-	11,656
HEDGES	SP	11,656	5,693	-	17,349
HEIJLTJES	S	11,656	-	5	11,661
HENMAN	O	11,656	10,887	-	22,543
HIRST	J	11,656	10,887	-	22,543
HODGE	L	11,656	6,956	-	18,612
HOUNSELL	D	11,656	1,381	27	13,064
HUGHES	S	11,656	5,000	-	16,656
JACKSON	EM	11,656	-	-	11,656
JOHNSON	G	11,656	-	-	11,656
KELLY	S	11,656	-	-	11,656
LEACH	G	11,656	-	-	11,656
LEACH	J	11,656	-	-	11,656
MACFIE	H	11,656	-	-	11,656
MALLOY	R	11,656	-	-	11,656
MANSELL	L	11,656	-	174	11,830
MAY	P	11,656	21,960	1,000	34,616
MCCABE	M	11,656	21,960	-	33,616
MCGALL	S	11,656	4,343	-	15,999
MOORE	S	11,656	1,372	-	13,028
MORGAN	A	11,656	-	-	11,656
MOSS	R	11,656	14,207	-	25,863
ODOHERTY	M	11,656	-	-	11,656
PANKHANIA	B	11,656	-	-	11,656
PLAYER	J	11,656	-	-	11,656
RIGBY	A	11,656	21,960	-	33,616
ROMERO	UM	11,656	9,207	-	20,863
ROPER	P	11,656	21,960	-	33,616
ROSS	S	11,656	-	9	11,665
SAINI	O	11,656	8,771	-	20,427
SIMON	T	10,685	3,981	440	15,106
STREATFEILD-JAMES	A	7,674	-	-	7,674
TOMLIN	G	11,656	-	-	11,656
TREBY	M	11,656	-	-	11,656
WAIT	A	11,656	9,207	73	20,936
WALKER	K	11,656	9,837	685	22,179
WARREN	C	2,319	-	-	2,319
WARREN	E	11,656	21,960	43	33,659
WARREN	T	11,656	4,089	-	15,745
WOOD	D	11,656	21,960	487	34,103
WRIGHT	J	11,656	8,432	80	20,168
<b>Total</b>		<b>685,067</b>	<b>396,937</b>	<b>3,453</b>	<b>1,085,456</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.

#### Senior Officers emoluments - annualised salary of £150,000 or more for the year ending 31 March 2025

Post Holder	Salary	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'ns	Total
	£	£	£	£	£	£
Chief Executive - William Godfrey	169,950				34,160	204,110

#### Senior Officers emoluments - annualised salary between £50,000 and £150,000 for the year ending 31 March 2025

Post Holder	Salary (incl. Honorarium)	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'ns	Total
	£	£	£	£	£	£
Executive Director - Operations	131,257				26,383	157,640
Executive Director - Resources (to 03/01/25)	93,538		349		18,768	112,655
Executive Director - Resources (from 17/03/25)	5,645				1,135	6,780
Executive Director - Sustainable Communities	118,539				23,826	142,365
Director of Adult Social Care (DASS)	118,539				23,826	142,365
Director of Children's Services & Education (DSC)	122,637				23,826	146,464
Director of People & Change	112,348				22,582	134,930
Director of Place Management	118,539				22,366	140,905
Director of Capital & Housing Delivery	115,297				23,174	138,471
Director of Financial Services, Assurance & Pensions	115,299	56	311		23,175	138,841
Director of Public Health & Prevention	102,735				14,773	117,508
Director of Education & Safeguarding	105,589				20,006	125,595
Director of External Affairs (to 30/06/24)	15,777				-	15,777

The Executive Director - Resources position was covered by an Interim, who was not on the Council's payroll, whilst the post was vacant between Jan'25 and Mar'25.

#### Senior Officers emoluments - annualised salary of £150,000 or more for the year ending 31 March 2024

Post Holder	Salary	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'ns	Total
	£	£	£	£	£	£
Chief Executive - William Godfrey	165,000				33,165	198,165

#### Senior Officers emoluments - annualised salary between £50,000 and £150,000 for the year ending 31 March 2024

Post Holder	Salary (incl. Honorarium)	Expenses	Benefits in Kind e.g. Relocation, Subscriptions	Compensation for Loss of Office	Employer Pension Contrib'ns	Total
	£	£	£	£	£	£
* Chief Operating Officer (to 31/12/23)	96,041				19,304	115,346
Executive Director - Chief Operating Officer (from 01/01/24)	32,014				6,435	38,449
* Chief Finance Officer (S151) (to 31/12/23)	90,127				18,115	108,242
Executive Director - Resources (from 01/01/24)	30,042				6,038	36,081
* Director of Sustainable Communities (to 31/12/23)	86,736				17,434	104,170
Executive Director - Sustainable Communities (from 01/01/24)	28,912				5,811	34,723
Director of Adult Social Care (DASS)	115,648				23,245	138,893
Director of Children's Services & Education (DSC)	115,648				23,245	138,893
* Director of People & Policy (to 31/12/23)	91,088				18,309	109,397
Director of People & Change (from 01/01/24)	24,560				4,936	29,496
Director of Place Management	115,648				23,245	138,893
* Director of Regeneration & Housing (to 31/12/23)	83,066				16,947	100,014
Director of Capital & Housing Delivery (from 01/01/24)	27,499				5,653	33,151
* Director - One West (to 31/12/23)	84,125	63	297		16,909	101,394
Director of One West & APF (from 01/01/24)	28,122	29			5,652	33,803
Director of Public Health	103,014				14,813	117,827
Director of Education & Safeguarding	97,338				19,565	116,903
Director of Business Change & Customer Services (to 10/01/24)	83,191			122,485	16,086	221,762
Director of External Affairs	63,110				-	63,110

\* 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.

## 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	2024/25 Teachers	2024/25 Others	2024/25 Total	2023/24 Teachers	2023/24 Others	2023/24 Total
£50,000 - £54,999	7	99	106	15	97	112
£55,000 - £59,999	3	24	27	10	43	53
£60,000 - £64,999	5	43	48	6	24	30
£65,000 - £69,999	4	33	37	2	23	25
£70,000 - £74,999	1	4	5	2	7	9
£75,000 - £79,999	1	10	11	1	6	7
£80,000 - £84,999	1	1	2	1	-	1
£85,000 - £89,999	1	1	2	1	4	5
£90,000 - £94,999	1	2	3	-	17	17
£95,000 - £99,999	-	6	6	-	3	3
£100,000 - £104,999	-	2	2	-	1	1
£105,000 - £109,999	-	-	-	-	-	-
£110,000 - £114,999	-	4	4	-	3	3
£115,000 - £119,999	-	3	3	-	5	5
£120,000 - £124,999	-	1	1	-	1	1
£125,000 - £129,999	-	-	-	-	1	1
£130,000 - £134,999	-	2	2	-	-	-
£135,000 - £139,999	-	-	-	-	-	-
£140,000 - £144,999	-	1	1	-	-	-
£145,000 - £149,999	-	-	-	-	-	-
£150,000 - £154,999	-	-	-	-	-	-
£155,000 - £159,999	-	-	-	-	-	-
£160,000 - £164,999	-	-	-	-	-	-
£165,000 - £169,999	-	1	1	-	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>24</b>	<b>237</b>	<b>261</b>	<b>38</b>	<b>237</b>	<b>275</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 (3 members of staff in 2023/24). This included 0 in the Teacher category (0 in 2023/24) and 3 in the Others category (3 in 2023/24).

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 2024/25, incurring liabilities of £1.202m (£0.376m in 2023/24). 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)	2024/25 Number of Compulsory Redundancies	2024/25 Number of Other Exits Agreed	2024/25 Total Cost £	2023/24 Number of Compulsory Redundancies	2023/24 Number of Other Exits Agreed	2023/24 Total Cost £
£0 - £20,000	3	15	96,214	14	19	145,580
£20,001 - £40,000	2	1	80,288	1	-	27,340
£40,001 - £60,000	1	1	101,162	-	-	0
£60,001 - £80,000	-	-	0	-	-	0
£80,001 - £100,000	1	-	92,189	-	1	80,795
£100,001 - £150,000	-	-	0	-	1	122,485
£150,001 - £200,000	-	-	0	-	-	0
£200,001 - £250,000	-	-	0	-	-	0
£250,001 - £300,000	1	1	522,935	-	-	0
£300,001 - £350,000	1	-	309,340	-	-	0
	<b>9</b>	<b>18</b>	<b>1,202,128</b>	<b>15</b>	<b>21</b>	<b>376,200</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

	2024/25	2023/24
	£'000	£'000
Fees payable with regard to external audit services	396	366
Fees payable for the certification of grant claims and returns	99	53
	<b>495</b>	<b>419</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 2024/25 are as follows:

	2024/25 Central Expenditure £'000	2024/25 Individual Schools Budget £'000	2024/25 Total £'000	2023/24 Total £'000
Final DSG for before Academy & High Needs recoupment			195,260	177,104
Academy & High Needs figure recouped			130,347	123,873
Total DSG after Academy & High Needs recoupment			<b>64,913</b>	53,231
<i>plus</i> Brought forward from previous year			-	
<i>less</i> Carry forward into future year agreed in advance				
Agreed initial budget distribution	27,285	37,628	<b>64,913</b>	53,231
In Year Adjustments	-	221	<b>221</b>	440
Final budget distribution	27,285	37,849	<b>65,133</b>	53,670
<i>less</i> Actual central expenditure	39,087	-	<b>39,087</b>	33,083
<i>less</i> Actual ISB deployed to schools	-	36,579	<b>36,579</b>	29,397
<i>plus</i> Local Authority contribution for year	-	-	-	
In-Year Carry forward	(11,802)	1,270	<b>(10,532)</b>	(8,810)
Carry forward into future year agreed in advance			-	
DSG unusable reserve brought forward			<b>(22,264)</b>	(13,453)
Addition to DSG unusable reserve for year			<b>(10,532)</b>	(8,810)
Total of DSG unusable reserve at the end			<b>(32,795)</b>	(22,264)
Net DSG position at year end			<b>(32,795)</b>	(22,264)

### 35 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year:

	2024/25	2023/24
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Non-Ringfenced Government Grants</b>		
s31 Grants - DLUHC	19,969	18,268
<b>Capital Grants &amp; Contributions</b>		
Department for Education	2,371	346
Department for Transport	200	230
Department for Health & Social Care	22	933
West of England Combined Authority	16,369	11,152
Other	2,046	1,337
Third party contributions	510	356
Section 106 Developer / CIL Contributions	1,714	2,955
	<b>43,201</b>	<b>35,577</b>

## NOTES TO MAIN FINANCIAL STATEMENTS

### Credited to Services

Education Funding Agency (incl. Universal Infant Free School Meals)	6,439	3,187
Pupil Premium Grant	1,108	1,046
Mandatory rent allowances	27,449	28,470
Public Health Grant	10,274	10,005
Department for Health & Social Care	3,809	4,306
Department for Education	2,262	-
Department for Environment, Food & Rural Affairs	20	39
Department for Transport	110	1,347
Department for Levelling Up, Housing & Communities (DLUHC)	27,937	21,834
Homes for Ukraine Scheme	576	322
New Homes Bonus Grant	327	425
Home Office	1,910	2,175
West of England Combined Authority	6,440	4,270
Other	6,200	8,546
Third party contributions	55	100
Section 106 Developer / CIL Contributions	1,417	1,901
	<b>96,333</b>	<b>87,973</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 2025 £'000	31 March 2024 £'000
<b>Grants Receipts In Advance (Capital Grants &amp; Contributions)</b>		
Section 106 Developer, CIL & 3rd Party Contributions	6,566	7,119
Various Capital Grants	19,408	34,096
<b>Total</b>	<b>25,974</b>	<b>41,215</b>
<b>Grants Receipts In Advance (Revenue Grants)</b>		
Various Service Grants	1,808	2,402
<b>Total</b>	<b>1,808</b>	<b>2,402</b>

### Long-Term Liabilities

	31 March 2025 £'000	31 March 2024 £'000
<b>Grants Receipts In Advance (Capital Grants &amp; Contributions)</b>		
Section 106 Developer, CIL & 3rd Party Contributions	10,433	11,073
Various Capital Grants	16,843	8,124
<b>Total</b>	<b>27,276</b>	<b>19,197</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 £4,352,148 (£3,655,673 2023/24) and support services costs of £536,075 (£532,108 2023/24). 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 £259,444 (£87,513 in 2023/24) to voluntary bodies and organisations where Members have declared an interest (either due to a Council nomination or in an independent capacity).

	2024/25
	£
Climate HUB B&NES	200
Community Catalysts CIC	198,006
Great Spas of Europe	24,559
Odd Down Community Association	4,000
One Community Trust Keynsham	600
Peasedown Community Trust	1,050
Radstock Museum	18
South West Councils	24,636
The Keynsham Music Festival Association	500
Three Valleys Primary Care Network Limited	4,000
World Heritage Enhancement Fund Committee	1,875
	<b>259,444</b>

## 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.

Capital expenditure on fixed assets was as follows:	2024/25 £'000	2023/24 £'000
Keynsham Reuse and Recycling Centre	831	20,649
Highways, Transport, Road Safety & Bridge Strengthening	15,196	12,391
Vehicles	1,843	2,290
Capitalised Buildings Maintenance (including Victoria Art Gallery Roof)	2,825	3,306
Bath City Centre Security	1,463	2,835
Housing Delivery Schemes (inc. Englishcombe Lane),	2,945	2,560
Commercial Estate Investment (all schemes)	3,101	1,738
Bath Western Riverside	1,736	1,430
Preparing for the Future - New Technology	911	1,046
Decarbonisation / Renewables Schemes	31	811
Liveable Neighbourhoods	1,077	704
School Improvements (Maintained Schools only)	2,418	594
Bath Regeneration	544	460
Clean Air Zone	156	444
Keynsham High Street Renewal Incl Public Realm	14	346
Somer Valley Enterprise Zone	751	345
Midsomer Norton High Street Renewal incl Public Realm	1,587	230
Bath Quays	1,389	107
Other	3,196	1,964
<b>Total</b>	<b>42,011</b>	<b>54,250</b>

This above table excludes Revenue Expenditure Funded from Capital under Statute & Capital Loans to 3rd parties.

Capital Expenditure was categorised as follows:	2024/25 £'000	2023/24 £'000
Property, plant and equipment	25,340	43,304
Investment properties	2,963	2,232
Intangible assets	5	61
Heritage Assets	-	-
Assets under construction	13,703	8,653
Non Current Assets held for sale	-	-
Capital Loans	1,434	1,290
Revenue expenditure funded from capital under statute (*)	9,596	7,962
<b>Total expenditure</b>	<b>53,041</b>	<b>63,502</b>

\* This includes £1,383k of transformation and severance costs funded under the Government's flexible use of capital receipts scheme (£1,481k in 2023/24). These costs will contribute to ongoing revenue savings in line with the Council's approved Efficiency Strategy.

Sources of finance:	2024/25 £'000	2023/24 £'000
Capital Receipts	2,436	2,356
Grants	27,417	17,876
Borrowing	18,103	37,030
3rd Party Contributions	565	456
S.106 / CIL contributions	3,131	4,856
Revenue	1,389	928
<b>Total financing</b>	<b>53,041</b>	<b>63,502</b>



## NOTES TO MAIN FINANCIAL STATEMENTS

### Capital Financing Requirement

	2024/25 £'000	2023/24 £'000
Opening Capital Financing Requirement	367,596	341,039
Capital Investment	53,041	63,502
Right of Use Leases	7,093	-
Sources of Finance:		
Capital Receipts	(3,945)	(2,645)
Government grants & other contributions	(31,113)	(23,188)
Sums set aside from revenue (including MRP)	(12,952)	(11,112)
Closing Capital Financing Requirement	379,720	367,596
Increase in underlying need to borrow unsupported by Government financial assistance	18,103	37,030
Increase related to Right of Use Lease accounting	7,093	-
Repayments received in respect of Capital Expenditure Loans	(1,509)	(289)
Less minimum revenue provision repayment	(11,563)	(10,184)
Increase / (decrease) in Capital Financing Requirement	12,124	26,557

## 38 LEASES

### Authority as Lessee

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- Bath Leisure Centre: this lease started on 1 April 2014 for a period of 55 years. The annual rent is subject to review on every fourth anniversary of the start date, and is varied in line with the All Items index value of the RPI at the reference month. The current asset value is £3.11m

### Right-of-use assets

The Authority has acquired a number of buildings and vehicles, plant and equipment under finance leases. This table shows the change in the value of right-of-use

	Land & buildings £000s	Investment Properties £000s	Vehicles Plant & Equipment £000s	Total £000s
Balance at 1 April 2024	5,137	2,663	-	7,800
Adjustment to opening balance	4,799	684	507	5,990
Additions	810	-	475	1,285
Revaluations	280	39	-	319
Depreciation & amortisation	(561)	-	(204)	(765)
Disposals	-	-	-	-
Balance at 31 March 2025	10,465	3,386	778	14,629

### Transactions under leases

The Authority incurred the following expenses and cash flows in relation to leases

	2024/25 £000s	2023/24 £000s
<b>Comprehensive income and expenditure statement</b>		
Interest expense on lease liabilities	420	-
Expense relating to short-term leases	460	-
Expense relating to exempt leases of low-value items	215	-
Income from subletting right-of-use assets	(208)	-
	887	-
<b>Cash Flow Statement</b>		
Minimum Lease Payments	840	-

### Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments).

	Finance Leases		Operating Leases	
	2024/25	2023/24	2024/25	2023/24
Not later than one year	983	799	208	207
Later than one year and not later than five years	2,961	1,900	367	220
Later than five years	7,816	8,960	-	-
	11,760	11,659	575	427

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

## NOTES TO MAIN FINANCIAL STATEMENTS

### Authority as Lessor

#### Transactions under leases

The Council has 33 finance leases, these are all on nil consideration or peppercorn so there is no income to report.

	2024/25 £000s	2023/24 £000s
<b>Operating Leases</b>		
Investment Properties	16,493	16,501
Other Land & Buildings	1,451	1,384
	<b>17,944</b>	<b>17,885</b>

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

	2024/25 £'000	2023/24 £'000
Not later than one year	15,968	16,298
Later than one year and not later than five years	44,113	42,463
Later than five years	136,507	127,665
	<b>196,588</b>	<b>186,426</b>

### 39 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.

### 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 2024/25 the Council paid £1.930m to Teachers' Pensions in respect of teachers' retirement benefits, representing an average of 28.6% of pensionable pay. The figures for 2023/24 were £1.582m and 23.1%. 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.

#### 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.

	Local Government Pension Scheme		Unfunded Liabilities (Teachers) Discretionary Benefits	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of Services:</i>				
Current Service Costs	15,517	14,178		
Past Service Cost	-	-	-	-
Settlement and Curtailment (Gain) / Loss	480	121	-	-
Administration Expenses	565	490		
<i>Financing and Investment Income &amp; Expenditure:</i>				
Net Interest Expense	2,788	4,119	705	722
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>19,350</b>	<b>18,908</b>	<b>705</b>	<b>722</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	(963)	6,849	(43)	689
Actuarial (gains) and losses arising on changes in demographic assumptions	(1,878)	(10,998)	(103)	-
Actuarial (gains) and losses arising on changes in financial assumptions	(99,559)	(10,084)	(799)	(239)
Return on Plan Assets (excluding interest)	36,934	(19,687)	-	-
Effect of Asset Ceiling	23,252	-	-	-
Total Remeasurement (Gain)/Loss	(42,214)	(33,920)	(945)	450
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(22,864)</b>	<b>(15,012)</b>	<b>(240)</b>	<b>1,172</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	19,350	18,908	705	722
<b>Actual amount charged against General Fund Balance for pensions in the year:</b>				
Employers' contributions payable to scheme	20,509	18,147	-	-
Retirement benefits payable to pensioners			1,543	1,517

## 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	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	665,426	742,405	13,366	15,149
Fair value of plan assets	(664,064)	(674,418)	-	-
Effect of Asset Ceiling *	23,252	-	-	-
<b>Net liability arising from defined benefits obligation</b>	<b>24,614</b>	<b>67,987</b>	<b>13,366</b>	<b>15,149</b>

\* **Effect of Asset Ceiling** - Due to the onerous obligations arising from the secondary contributions to the Local Government Pension Fund, the Actuary has calculated a ceiling for the remeasurement of the assets that can be included when disclosing the value of the net asset / liability in the Council's Balance Sheet.

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities		Unfunded Liabilities	
	Local Government Pension Scheme		(Teachers) Discretionary Benefits	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
Opening Balance at 1 April	742,405	733,957	15,149	15,494
Current service cost	15,517	14,178	-	-
Interest cost	35,733	34,602	705	722
Contributions from scheme participants	6,302	5,621	-	-
Actuarial gains and losses	(102,400)	(14,233)	(945)	450
Benefits paid	(32,611)	(31,841)	(1,543)	(1,517)
Settlements	-	-	-	-
Past service costs	480	121	-	-
Past service gain	-	-	-	-
<b>Closing Balance at 31 March</b>	<b>665,426</b>	<b>742,405</b>	<b>13,366</b>	<b>15,149</b>

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

	Local Government Pension Scheme	
	2024/25	2023/24
	£'000	£'000
Opening Fair Value of scheme assets at 1 April	674,418	632,811
Interest on Plan Assets	32,945	30,483
Remeasurement Gain (Loss)	(36,934)	19,687
Administration Expenses	(565)	(490)
Business Combinations	-	-
Settlements	-	-
Contributions from employer	20,509	18,147
Contributions from employees into the scheme	6,302	5,621
Benefits paid	(32,611)	(31,841)
<b>Closing Balance at 31 March</b>	<b>664,064</b>	<b>674,418</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 £3.988m [2023/24 (£50.169m)].

### Scheme History

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of liabilities:						
Local Government Pension Scheme	(844,609)	(967,476)	(985,952)	(733,957)	(742,405)	(665,426)
Discretionary Benefits	(19,940)	(20,250)	(19,279)	(15,494)	(15,149)	(13,366)
Fair value of assets in the Local Government Pension Scheme	538,396	627,797	679,609	632,811	674,418	664,064
Surplus/(deficit) in the scheme:						
Local Government Pension Scheme	(306,213)	(339,679)	(306,343)	(101,146)	(67,987)	(24,614)
Discretionary Benefits	(19,940)	(20,250)	(19,279)	(15,494)	(15,149)	(13,366)
<b>Long Term Liability in Balance Sheet</b>	<b>(326,153)</b>	<b>(359,929)</b>	<b>(325,622)</b>	<b>(116,640)</b>	<b>(83,136)</b>	<b>(37,980)</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 £38m 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 2025/26 are estimated to be £20.3m. 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 2025.

The principal assumptions used by the actuary have been:

	Avon Pension Fund		Discretionary Benefits (Teachers) Scheme	
	2024/25	2023/24	2024/25	2023/24
<b>Mortality assumptions :</b>				
Longevity for current pensioners:				
Men	<u>at 65</u> 22.0	22.0	<u>at 75</u> 13.4	13.5
Women	24.1	24.1	15.1	15.1
Longevity for future pensioners:				
Men	23.2	23.3	22.0	22.0
Women	26.1	25.8	24.1	24.1
Rate of inflation	2.6%	2.7%	2.7%	2.7%
Rate of increase in salaries	4.1%	4.2%		
Rate of increase in pensions	2.7%	2.8%	2.8%	2.8%
Rate for discounting scheme liabilities	5.8%	4.9%	5.7%	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%)	(42,100)	42,100
Rate of Inflation (increase or decrease by 0.25%)	22,105	(22,105)
Rate of increase in salaries (increase or decrease by 0.25%)	2,756	(2,756)
Longevity (increase or decrease in 1 year)	13,790	(13,790)

**Virgin Media Court Case:** Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to Local Government pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

## 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 2025		Assets at 31 March 2024	
	£'000	%	£'000	%
Equity investments	270,938	40.8%	337,209	50.0%
Government Bonds	128,164	19.3%	155,116	23.0%
Other Bonds	63,750	9.6%	60,698	9.0%
UK Property Funds	33,867	5.1%	35,070	5.2%
Alternatives	209,180	31.5%	189,512	28.1%
Cash Accounts	(41,836)	(6.3)%	(103,186)	(15.5)%
<b>Total</b>	<b>664,064</b>	<b>100%</b>	<b>674,418</b>	<b>100%</b>

### History of experience gains and losses

Actuarial losses identified as movements on the Pensions Reserve in 2024/25 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2025.

	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
<b>Difference between the expected and actual return on scheme assets:</b>						
amount (£'000)	(36,934)	19,687	(57,880)	48,982	81,048	(52,191)
percentage	5.6%	7.2%	7.2%	7.2%	12.9%	9.7%
<b>Experience (gains) and losses on liabilities</b>						
amount (£'000)	(963)	6,849	120,769	2,694	(18,696)	1,878
percentage	0.1%	0.9%	0.3%	0.3%	1.9%	0.2%
	(37,897)	26,536	62,889	51,676	62,352	(50,313)

## 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 2025 apportioned to this Council is £9.277m (£9.664m at 31st March 2024). 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 2024	Principal Repaid	31 March 2025
	£000	£000	£000
<b>Ex- Avon loan debt principal repayment</b>	<b>9,664</b>	<b>(387)</b>	<b>9,277</b>
<b>Split Between Short-Term &amp; Long-Term:</b>			
Short-Term Liability	387		371
Long-Term Liability	9,277		8,906
<b>Total</b>	<b>9,664</b>		<b>9,277</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 £11.563m calculated as follows:

	2024/25 £000	2023/24 £000
Provision for capital expenditure incurred before 1st April 2008	623	611
Provision based on estimated useful life of new assets since 2008	10,518	9,573
Provision for capital expenditure on Right of Use Assets	418	0
Provision for expected credit loss on Aequus loan	4	0
<b>Total Minimum Revenue Provision (MRP)</b>	<b>11,563</b>	<b>10,184</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:

	2024/25 Exp. £'s	2024/25 Income £'s	2024/25 Assets £'s	2024/25 Liabilities £'s
Alice Park Trust	98,443	(98,443)	243,578 *	
<b>Total</b>	<b>98,443</b>	<b>(98,443)</b>	<b>243,578</b>	<b>0</b>

\* Includes external investments valued at £18,416

	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

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:

	2024/25 Exp. £'s	2024/25 Income £'s	2024/25 Assets £'s	2024/25 Liabilities £'s
Educational Funds	-	(1,870)	41,550	
Graves / Memorial maintenance	-	(675)	14,312	
Twinning Fund	1,905	(1,257)	26,660	
Bequests	-	(1,931)	40,952	
<b>Total</b>	<b>1,905</b>	<b>(5,733)</b>	<b>123,474</b>	<b>0</b>

	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>

### 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 2025 show a turnover of £1,649,794 a net profit of £149,721, net current liabilities of £61,431 and net assets of £1,657,468. (Turnover of £1,563,794, a net loss of £163,866, net current assets of £70,918 and net assets of £1,507,749 in the company's audited 2023/24 accounts). These figures include outstanding loans made to the company by the Council of £6,932,840 (£6,998,644 in 2023/24).

#### 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 2025 show a turnover of £11,804,264, a net profit of £1,247,947, net current assets of £2,407,390 and net assets of £2,430,701 (a turnover of £4,383,919, a net profit of £10,027, net current assets of £1,924,399 and net assets of £1,953,753 in the company's audited 2023/24 accounts). These figures include outstanding loans made to the company by the Council of NIL (NIL in 2023/24).

#### 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.



## NOTES TO MAIN FINANCIAL STATEMENTS

### 46 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 15,000+ 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

### 47 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 2024	(101,154)	(2,980)	0	0
Receipts into the Pool in-year:				
- Growth sums payable by Councils to BRP in-year	(51,796)	(682)	1,534	0
Distributions out of the Pool in-year:				
- Tier 1 no worse off	16,965	244	0	(244)
- BRP Management Fee	38	9	0	0
- EDF Management Fee	75	19	0	0
- Tier 2 EDF funding	9,652	75	0	(74)
- Tier 3 Demographic and service pressures	46,617	1,186	0	(4,034)
<b>Funds held by the BRP at 31 March 2025</b>	<b>(79,603)</b>	<b>(2,129)</b>		
Analysed between:				
Uncommitted cash (Tier 2 incl. Contingency)	(3,942)	(103)	4	n/a
Committed cash not yet allocated	(75,661)	(2,026)	(856)	n/a
	<b>(79,603)</b>	<b>(2,129)</b>		
<b>Expenditure / (Revenue) recognised</b>			<b>682</b>	<b>(4,352)</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 (£2.129m) 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 £9.652m on behalf of the EDF in 2024/25.

The council itself has recognised revenue income of £4.352m (2023/24: (£918,000)) from the BRP and expenditure of £682,000 (2023/24: £1,633,000) to the BRP for the year. In 2024/25, the Business Rates Pooling Board approved additional payments of Tier 3 funding (£3.452m for Bath & North East Somerset Council) representing historic amounts due following the agreed adjustment of the Tier 2 / Tier 3 distribution ratio.

## NOTES TO MAIN FINANCIAL STATEMENTS

### 48 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

	2024/25		2023/24	
	£'000	£'000	£'000	£'000
CAZ Income		(2,958)		(4,228)
Expenditure	2,297		1,939	
<i>less Grant Funding</i>	-		-	
Expenditure net of Grant Funding		2,297		1,939
<b>(Surplus) / Deficit transferred to Earmarked Reserve</b>		<b>(661)</b>		<b>(2,289)</b>

#### Clean Air Zone Earmarked Reserves

	31 March 2024	transfers to £'000	transfers from £'000	31 March 2025
	£'000	£'000	£'000	£'000
Smoothing Reserve	3,529	42		3,571
Decommissioning Reserve	400	84	(107)	377
Decommissioning Monitoring and Modelling Reserve	400	107	(50)	457
Transport Investment Reserve	6,251	669	(3,775)	3,145
<b>Total Clean Air Zone Reserves</b>	<b>10,580</b>	<b>902</b>	<b>(3,932)</b>	<b>7,550</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 2024/25

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	2024/25 £'000	2023/24 £'000
<b>INCOME</b>				
Council Tax	2	(149,604)		(141,565)
Income collectable from business ratepayers	3	(69,069)		(67,659)
			(218,673)	(209,224)
<b>EXPENDITURE</b>				
Council Tax - Precepts and demands				
Bath & North East Somerset		124,020		116,839
Avon & Somerset Police	1	19,336		18,264
Avon Fire	1	5,917		5,691
			149,273	140,794
National Non-Domestic Rates (NNDR)				
Central share payment to Government		-		-
Local share payment to Bath & North East Somerset		62,308		60,699
Local share payment to WECA		3,314		3,229
Local share payment to Avon Fire Authority		663		646
Transfer of City Deal Growth Disregard to General Fund	6	656		1,083
Transfer of Renewable Energy Growth Disregard to General Fund		20		20
Cost of Collection Allowance		268		268
Interest charged to the collection fund		85		27
			67,314	65,972
Impairments of debts/Appeals provision				
Contribution to Provision for Bad Debts	4		564	561
Contribution to Provision for NNDR Appeals	5		1,796	(3,624)
Contributions				
Contribution towards previous year's estimated Collection Fund Surplus/(Deficit)			(361)	5,848
			218,586	209,551
(Surplus)/Deficit for the Year			(87)	327
(Surplus)/Deficit Brought Forward as at 1 April			(5,771)	(6,098)
<b>(Surplus)/Deficit as at 31 March</b>	7		(5,858)	(5,771)
Council Tax Surplus / (Deficit) to be refunded to Police & Fire Authorities			65	25
NNDR Surplus / (Deficit) to be refunded / charged to Government, WECA & Fire Authority			329	338
<b>Bath &amp; North East Somerset (Surplus)/Deficit</b>			(5,464)	(5,408)

## 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 (NNDR). 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 2024/25 £'000	Surplus / (Deficit) 2024/25 £'000	Precept 2023/24 £'000	Surplus / (Deficit) 2023/24 £'000
The Avon & Somerset Police Authority	19,336	(39)	18,264	66
The Avon Fire Authority	5,917	(12)	5,691	19

### 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 69,255.90 (68,609.95 for 2023/24). This amount of Council Tax for a Band D property £2,155.39 (£2,052.09 - 2023/24) 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	16,703	7/9	12,991
Band C	17,975	8/9	15,978
Band D	12,873	9/9	12,873
Band E	9,296	11/9	11,361
Band F	5,362	13/9	7,746
Band G	4,725	15/9	7,876
Band H	392	18/9	785
			74,141
Overall Adjustment for Council Tax Support and Technical Changes			(4,885)
<b>Council Tax Base</b>			<b>69,256</b>

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 2024/25 is receivable from the following sources:-

	2024/25 £'000	2023/24 £'000
Billed to Council Tax payers	(149,525)	(141,248)
Localism Act Discounts funded from General Fund	(14)	(8)
DWP Benefits funded from General Fund	1	-
Foster Carers Locally Defined Discount funded from General Fund	(15)	(14)
Care Leavers Locally Defined Discount funded from General Fund	(52)	(50)
Council Tax Covid-19 Hardship Relief funded from General Fund	1	1
Council Tax Support Fund	1	(245)
	<b>(149,603)</b>	<b>(141,564)</b>

## 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 2024/25 were 49.9 pence for qualifying small businesses and 54.6 pence for all other businesses, subject to transitional arrangements. The NNDR income after reliefs of £68.984 million for 2024/25 (£67.659 million for 2023/24) resulted from a total rateable value at 31 March 2025 of £193.577 million (2023/24: £193.879 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 2024/25 is £5.474m (£5.625m surplus in 2023/24). 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:

	2024/25 £'000	2023/24 £'000
<b>Council Tax</b>		
Balance at 1 April	1,704	1,669
Write-offs during the year	223	(180)
Contributions to provisions during the year	393	215
Net Increase/(Decrease) in Provision	616	35
Balance at 31 March	2,320	1,704
<b>NNDR</b>		
Balance at 1 April	1,045	1,202
Write-offs during the year	(242)	(504)
Contributions to provisions during the year	171	347
Net Increase/(Decrease) in Provision	(71)	(157)
Balance at 31 March	974	1,045
<b>Total</b>		
Balance at 1 April	2,749	2,871
Write-offs during the year	(19)	(684)
Contributions to provisions during the year	564	562
Net Increase/(Decrease) in Provision	545	(122)
Balance at 31 March	3,294	2,749

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 2025.

	2024/25 £'000	2023/24 £'000
Balance at 1 April	5,530	13,590
Cost of Appeals settled during the year	(1,852)	(4,436)
Contributions to provisions during the year	1,796	(3,624)
Net Increase/(Decrease) in Provision	(56)	(8,060)
Balance at 31 March	5,474	5,530

The net reduction in appeals provision is mainly due to the impact of settled appeals in respect of the 2023 and 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 2025. 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 47 to the Main Financial Statements for full details).

### 7 Balance of Fund & Distribution

As at 31 March 2025, the balance on the Collection Fund stood at an overall surplus of £5.859m

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:

	Council Tax	NNDR	Total
	£'000	£'000	£'000
Central Government	-	-	-
Bath & North East Somerset	(320)	(5,145)	(5,465)
West of England Combined Authority (WECA)	-	(274)	(274)
Avon & Somerset Police	(50)	-	(50)
Avon Fire Authority	(15)	(55)	(70)
	<b>(385)</b>	<b>(5,474)</b>	<b>(5,859)</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 2024 to 31 March 2025. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 2025, 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.

The Council has consolidated its two material Subsidiaries into the Group Financial Statements. These are Aequus Developments Ltd (ADL) & Aequus Construction Limited (ACL).

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 2024/25

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	2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
	Gross	Gross	Net		Gross	Gross	Net
	Exp	Inc	Exp		Exp	Inc	Exp
	£'000	£'000	£'000	<b>Expenditure on Services</b>	£'000	£'000	£'000
	1,275	(1,309)	(34)	Leader	656	(772)	(116)
	10,686	(1,520)	9,166	Council Priorities & Delivery	8,968	(1,445)	7,523
	58,514	(45,236)	13,278	Resources	57,568	(43,560)	14,008
	26,065	(26,704)	(639)	Economic & Cultural Sustainable Developm't	21,704	(30,972)	(9,268)
	128,196	(59,919)	68,277	Adult Services	120,228	(62,695)	57,533
	124,483	(78,326)	46,157	Children's Services	149,463	(95,148)	54,315
	4,073	(2,434)	1,639	Climate Emergency & Sustainable Travel	5,581	(3,810)	1,771
	15,303	(11,381)	3,922	Built Environment & Sustainable Development	12,198	(10,840)	1,358
	47,011	(9,598)	37,413	Neighbourhood Services	39,227	(9,482)	29,745
	24,644	(22,605)	2,039	Highways	25,675	(21,234)	4,441
	6,500	(4,072)	2,428	Activities of Subsidiaries	12,558	(10,818)	1,740
	446,750	(263,104)	183,646	<b>Cost of Services - continuing Operations</b>	453,826	(290,776)	163,050
			8,667	Other Operating Expenditure			7,739
				Financing and Investment Income			
			11,901	& Expenditure			8,494
				Taxation and Non-Specific Grant			
			(177,138)	Income			(186,486)
			27,076	<b>(Surplus) or Deficit on Provision of Services</b>			(7,203)
				(Surplus) or Deficit on Upward			
			(21,950)	Revaluation of Non-current Assets			(37,158)
				(Surplus) or Deficit on Downward			
			12,567	Revaluation of Non-current Assets			5,887
				Remeasurement of the			
			(33,542)	net defined benefit liability			(43,159)
			(42,925)	<b>Other Comprehensive Income &amp; Expenditure</b>			(74,430)
			(15,849)	<b>Total Comprehensive Income &amp; Expenditure</b>			(81,633)

## GROUP MOVEMENT IN RESERVES STATEMENT 2024/25

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	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of reserves of subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	<b>86,441</b>	<b>7,711</b>	<b>-</b>	<b>94,152</b>	<b>332,151</b>	<b>426,302</b>	<b>3,452</b>	<b>429,754</b>
Movements During 2024/25:								
Adjustment to Opening Balance				-	(8,370)	(8,370)		(8,370)
Total Comprehensive Income & Expenditure	6,576			6,576	74,430	81,006	627	81,634
Adjustments between group accounts and authority accounts	771			771		771	(771)	-
<b>Net Increase/ (Decrease) before transfers</b>	<b>7,347</b>	<b>-</b>	<b>-</b>	<b>7,347</b>	<b>74,430</b>	<b>81,777</b>	<b>(144)</b>	<b>81,634</b>
Adjustments between accounting basis and funding basis under statutory provisions	(1,235)	1,071	-	(164)	164	-	-	-
<b>Increase / (Decrease) during year</b>	<b>6,111</b>	<b>1,071</b>	<b>-</b>	<b>7,182</b>	<b>74,594</b>	<b>81,777</b>	<b>(144)</b>	<b>81,634</b>
Transfers to / (from) earmarked reserves	(771)			(771)		(771)	771	-
<b>Balance at 31 March 2025</b>	<b>91,782</b>	<b>8,782</b>	<b>-</b>	<b>100,563</b>	<b>398,375</b>	<b>498,937</b>	<b>4,079</b>	<b>503,017</b>
<u>Comparative Year</u>	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of reserves of subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	<b>83,626</b>	<b>9,042</b>	<b>-</b>	<b>92,668</b>	<b>316,855</b>	<b>409,523</b>	<b>4,836</b>	<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>-</b>	<b>-</b>	<b>(25,225)</b>	<b>42,853</b>	<b>17,628</b>	<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>-</b>	<b>2,332</b>	<b>15,296</b>	<b>17,628</b>	<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>	<b>7,711</b>	<b>-</b>	<b>94,152</b>	<b>332,151</b>	<b>426,302</b>	<b>3,452</b>	<b>429,754</b>

## GROUP BALANCE SHEET as at 31 MARCH 2025

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 2024 £'000		31 March 2025 £'000
	306,264	Property, Plant & Equipment:	
	4,874	Land & Buildings	338,329
	21,952	Community Assets	3,466
	40,274	Vehicles, Plant & Equipment	21,121
	3,429	Assets under Construction	53,356
	144,297	Surplus assets	3,571
	48,564	Infrastructure	155,248
	249,516	Heritage Assets	52,143
	480	Investment Property	239,155
<b>G4</b>	1,910	Intangible Assets	305
	-	Long Term Debtors	2,160
	821,560	Deferred tax asset	-
		<b>Long Term Assets</b>	<b>868,854</b>
	7,801	Short Term Investments	7,648
<b>G4</b>	5,464	Inventories	2,485
	56,894	Short Term Debtors	61,641
	26,998	Cash and Cash Equivalents	26,521
	-	Assets Held for Sale	-
	-	Deferred tax asset	10
	97,157	<b>Current Assets</b>	<b>98,305</b>
<b>G5</b>	(14,498)	Short Term Borrowing	(67,914)
	(71,512)	Short Term Creditors	(65,241)
	(2,402)	Grants Receipts In Advance - Revenue	(1,808)
	(41,215)	Grants Receipts In Advance - Capital	(25,974)
	(129,627)	<b>Current Liabilities</b>	<b>(160,937)</b>
	(1,543)	Long Term Creditors	(3,359)
	(7,764)	Provisions	(6,645)
	(238,101)	Long Term Borrowing	(212,719)
	(318)	Deferred tax liability	(325)
	(92,413)	Other Long Term Liabilities	(52,881)
	(19,197)	Grants Receipts In Advance - Capital	(27,276)
	(359,336)	<b>Long Term Liabilities</b>	<b>(303,205)</b>
	429,754	<b>Net Assets</b>	<b>503,017</b>
	97,605	Usable reserves	104,642
	332,149	Unusable Reserves	398,375
	429,754	<b>Total Reserves</b>	<b>503,017</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.

2023/24		2024/25
£'000		£'000
(27,076)	Net surplus or (deficit) on the provision of services	7,203
	Adjustment to surplus or deficit on the provision of services	
36,106	for non cash movements	16,185
(24,206)	Adjust for items included in the net surplus or deficit on the provision	
(86)	of services that are investing and financing activities	(34,612)
	Tax Paid	(36)
(15,263)	Operating Activities	(11,260)
(21,454)	Investing Activities	(18,049)
31,732	Financing Activities	28,833
(4,985)	Net Increase/(decrease) in cash equivalents	(475)
31,981	Cash & cash equivalents at the beginning of the reporting period	26,996
26,996	Cash & cash equivalents at the end of the reporting period	26,521

## NOTES TO GROUP FINANCIAL STATEMENTS

### G1 Accounting policies

The Group Financial Statements summarise the Council's and its Group's transactions for the 2024/25 financial year. The Group Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 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 2024/25.

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 2025 for ADL have been summarised below, with comparator figures for the previous reporting period.

	Year ended 31 March 2024 (from audited accounts) £000	Year ended 31 March 2025 £000
<b>Aequus Developments Ltd (ADL)</b>		
Profit for the year	(164)	149
Other Comprehensive Income	54	-
Total Comprehensive Income	(110)	149
Net assets	1,508	1,657

#### 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 2025 for ACL have been summarised below, with comparator figures for the previous reporting period.

	Year ended 31 March 2024 (from audited accounts) £000	Year ended 31 March 2025 £000
<b>Aequus Construction Ltd (ACL)</b>		
Profit for the year	10	1,248
Other Comprehensive Income	-	-
Total Comprehensive Income	10	1,248
Net assets	1,954	2,431

### G4 Debtors

2023/24 £'000		2024/25 £'000
	Amounts falling due in one year:	
7,024	Central Government bodies	9,499
14,181	Other local authorities	20,967
5,196	NHS bodies	4,518
15,631	Other entities and individuals (Trade Debtors)	11,678
10,123	Other entities and individuals (Non-Trade Debtors)	11,589
4,739	Prepayments	3,390
<u>56,894</u>	<b>Total - Current Assets</b>	<u>61,641</u>
£'000	Amounts falling after one year:	£'000
1,910	Other entities and individuals	2,160
<u>1,910</u>	<b>Total - Long Term Assets</b>	<u>2,160</u>

### G5 Creditors

2023/24 £'000		2024/25 £'000
	Amounts falling due in one year:	
2,855	Central Government bodies	2,673
9,779	Other local authorities	9,457
5,680	NHS bodies	1,112
17,386	Other entities and individuals (Trade Creditors)	17,909
21,890	Other entities and individuals (Non-Trade Creditors)	20,229
6,038	Income Received in Advance	7,306
6,419	Pension Fund	6,555
<u>70,047</u>	<b>Total - Current Assets</b>	<u>65,241</u>
£'000	Amounts falling after one year:	£'000
1,543	Other entities and individuals	3,359
<u>1,543</u>	<b>Total - Long Term Assets</b>	<u>3,359</u>







## PENSION FUND ACCOUNTS 2024/25

### Fund Account

For the Year Ended 31 March 2025

	Notes	2024/25 £'000	2023/24 £'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
Contributions Receivable	4	(250,877)	(251,239)
Transfers In		(17,577)	(14,320)
		<b>(268,454)</b>	<b>(265,559)</b>
Benefits Payable	5	250,293	229,436
Payments to and on account of Leavers	6	20,062	17,473
		<b>270,355</b>	<b>246,909</b>
<b>Net (additions) / withdrawals from dealings with member</b>		<b>1,901</b>	<b>(18,650)</b>
Management Expenses	7	29,799	25,718
<b>Net (additions)/withdrawals including fund management expenses</b>		<b>31,700</b>	<b>7,068</b>
<b>Returns on Investments</b>			
Investment Income	8	(61,263)	(68,383)
Profits and losses on disposal of investments and change in value of investments	9	68,519	(375,006)
<b>Net Returns on Investments</b>		<b>7,256</b>	<b>(443,389)</b>
<b>Net (Increase) / Decrease in the net assets available for benefits during the year</b>		<b>38,956</b>	<b>(436,321)</b>
<b>Opening Net Assets of the Fund</b>		<b>5,825,531</b>	<b>5,389,210</b>
<b>Closing Net Assets of the Fund</b>		<b>5,786,575</b>	<b>5,825,531</b>

### Net Assets Statement at 31 March 2025

	Notes	31 March 2025 £'000	%	31 March 2024 £'000	%
<b>INVESTMENT ASSETS</b>					
Property Pooled Investment vehicles		674,285	11.7	680,454	11.7
Non-Property Pooled Investment Vehicles		4,903,436	84.7	4,950,627	85.0
Cash Deposits		183,012	3.2	162,500	2.8
Derivative Contracts (Foreign Exchange hedge) - Gross Asset	9 & 10	21,512	0.4	17,309	0.3
Derivative Contracts: FTSE Futures - Gross Asset	9	-	-	688	-
Other Investment balances		1,407	-	7,428	0.2
<b>Total Investment Assets</b>		<b>5,783,652</b>		<b>5,819,006</b>	
Long-Term Investments		750	-	722	-
<b>INVESTMENT LIABILITIES</b>					
Derivative Contracts (Foreign Exchange hedge) - Gross Liability	9 & 10	(8,259)	(0.1)	(4,674)	(0.4)
Derivative Contracts: FTSE Futures - Gross Liability	9 & 10	(1,113)	-	-	-
Other Investment balances		(369)	-	(9)	-
<b>Total Investment Liabilities</b>		<b>(9,741)</b>		<b>(4,683)</b>	
<b>TOTAL NET INVESTMENT ASSETS</b>	10	<b>5,774,661</b>		<b>5,815,045</b>	
Long Term Debtors	12a	240	-	257	
<b>Net Current Assets</b>					
Current Assets	12	20,534	0.4	18,776	0.3
Current Liabilities	12	(8,860)	(0.2)	(8,547)	(0.2)
<b>Net assets of the scheme available to fund benefits at the period end</b>		<b>5,786,575</b>	<b>100.1</b>	<b>5,825,531</b>	<b>99.7</b>

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 2025. The actuarial present value of these liabilities is disclosed in note 15.

## Notes to Accounts - Year Ended 31 March 2025

### 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 2024 to 31 March 2025.

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 2024/25 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 1.22. 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:

	Past Service Liabilities (Primary Contribution Rate)	Future Service Liabilities (Secondary Contribution Rate)
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 102% as at 31 March 2025 based on the 2022 valuation assumptions. The funding level calculation 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 2024/25

1.10 **Note 15** to the accounts shows the actuarial present value of promised retirement benefits for the purposes of IAS 26 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 [avonpensionfund.org.uk](http://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 [avonpensionfund.org.uk](http://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 Proposed Government reforms to the Local Government Pension Scheme Pooling Arrangements in England and Wales.

In 2024 the Government consulted on the future of the LGPS with an aim to establish larger pools of professionally managed capital, offering best value to its members and communities. Each pool put forward proposals of how it might achieve the criteria set out by the government, focusing on the benefits of scale, long-term resilience, and value for money, with consideration given to the opportunity for closer collaboration across the scheme and the merger of pools.

Brunel's proposal put forward by the company and its clients was rejected by the government as it did not meet the Government's vision for the future of the LGPS. As a result the Avon Pension Fund must now decide how best to meet the government's criteria, through joining another pool. The government has set a deadline of 30 September 2025 for the Fund to reach an in-principle decision for our future pooling arrangements.

Whilst the Fund is disappointed by this decision, it is currently working with the Brunel Pension Partnership and partner funds to fully assess options in meeting the Governments proposals. Considerable uncertainties remain on how any new arrangements will be adopted and on the future of the Brunel Pension Partnership Ltd. The fund's 10% shareholding in Brunel Pension Partnership Ltd is valued at £0.75m in the balance sheet. Although not considered material to the accounts, uncertainty on the long-term future of the Brunel Pension Partnership exists, until it becomes clearer on how the new Government arrangements will be implemented. Future transition costs are also unclear until a decision is made as to the new arrangements. The Fund recognises and has considered these risks and has decided not to make any adjustment to the financial statements but will continue to review as more clarity on the way forward develops.

1.15 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

1.16 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

1.17 Investments are shown in the accounts at fair value, which has been determined as follows:

i) Quoted Securities have been valued at 31 March 2025 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 2025 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 2025.

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.

### Contributions

- 1.18 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 2024/25 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 2025. The deficit contribution is expressed as a cash sum, and ranges from £0 to £4.3 millions.
- 1.19 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

- 1.20 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.
- 1.21 Benefits payable and refunds of contributions have been brought into the accounts as they fall due.
- 1.22 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.
- 1.23 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

- 1.24 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

- 1.25 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.
- 1.26 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

- 1.27 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.

## Assumptions made about the future and other major sources of estimation uncertainty

- 1.28 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 (£15m), Infrastructure (£746m), Private Debt (£252m) and closed-ended Property Funds (£121m) 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 +/- £113m 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 2025 is £5,612 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

- 1.29 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

- 1.30 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

- 1.31 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.

## 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 2024/25.

## PENSION FUND ACCOUNTS 2024/25

### 2 MEMBERSHIP

Membership of the Fund at the year-end was as follows:-

	31 March 2025	31 March 2024
<b>Employed Members</b>	<b>41,658</b>	41,642
<b>Pensioners</b>	<b>41,009</b>	39,605
<b>Members entitled to Deferred Benefits</b>	<b>45,439</b>	44,653
<b>Undecided Leavers</b>	<b>14,064</b>	14,147
<b>TOTAL</b>	<b>142,170</b>	140,047

The numbers of members have been extracted from the underlying membership records in the live system as at 31 March 2025, including the comparative figures

### 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:-

	2024/25 £'000	2023/24 £'000
<b>Employers' normal contributions</b>		
Scheduled Bodies	144,957	134,202
Administering Authority	17,121	15,272
Admission Bodies	7,207	7,715
	<u>169,285</u>	<u>157,189</u>
<b>Employers' deficit funding</b>		
Scheduled Bodies	14,741	30,846
Administering Authority	1,653	1,585
Admission Bodies	1,105	5,528
	<u>17,499</u>	<u>37,959</u>
<b>Total Employer's normal &amp; deficit funding</b>	<b>186,784</b>	195,148
<b>Employers' contributions - Augmentation</b>		
Scheduled Bodies	4,293	950
Administering Authority	515	115
Admission Bodies	74	6
	<u>4,882</u>	<u>1,071</u>
<b>Members' normal contributions</b>		
Scheduled Bodies	50,287	46,906
Administering Authority	6,095	5,494
Admission Bodies	1,977	2,141
	<u>58,359</u>	<u>54,541</u>
<b>Members' contributions toward additional benefits</b>		
Scheduled Bodies	706	407
Administering Authority	105	62
Admission Bodies	41	10
	<u>852</u>	<u>479</u>
<b>Total</b>	<b>250,877</b>	251,239

The decrease in Employers' deficit funding between 2023/24 and 2024/25 is due to employers paying their deficits three years in advance in 2023/24.

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 2024/25

### 5 BENEFITS PAYABLE

#### Analysis of Gross Benefits Payable by Type:-

	2024/25 £'000	2023/24 £'000
Retirement Pensions	207,455	189,839
Commutation of Pensions and Lump Sum Retirement Benefits	39,194	34,485
Lump Sum Death Benefits	3,644	5,112
	<u>250,293</u>	<u>229,436</u>

#### Analysis of Gross Benefits Payable by Employing Body:-

	2024/25 £'000	2023/24 £'000
Scheduled & Designating Bodies	203,609	184,380
Administering Authority	25,983	25,538
Admission Bodies	20,701	19,518
	<u>250,293</u>	<u>229,436</u>

### 6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

#### Leavers

	2024/25 £'000	2023/24 £'000
Refunds to members leaving service	956	618
Individual Cash Transfer Values to other schemes	18,504	16,855
Group Transfers	602	-
	<u>20,062</u>	<u>17,473</u>

A group transfer took place between Restart Employment and Skills Limited (Weston College) to Greater Manchester Pension Fund as at 1st July 2024. The value of the transfer will be established in 2025/26.



## PENSION FUND ACCOUNTS 2024/25

### 7 MANAGEMENT EXPENSES

Costs incurred in the management and administration of the Fund are set out below.

	2024/25	2023/24
	£'000	£'000
Administrative Costs	4,542	3,973
Oversight & Governance Costs	2,970	2,504
Investment Management Expenses	22,287	19,241
	<b>29,799</b>	<b>25,718</b>

#### Further Analysis of Management Expenses:-

##### Administrative Costs

Management Costs	3,327	2,696
Administration and Processing	938	1,102
Service from Administrating Body	450	466
Fees and Income	(173)	(291)
	<b>4,542</b>	<b>3,973</b>

##### Oversight & Governance Costs

Management costs	1,247	1,068
Specialist advice and Governance	1,824	1,651
Actuarial recharges	(239)	(327)
Audit Fees	138	112
	<b>2,970</b>	<b>2,504</b>

##### Investment Management Expenses (Note 7a)

	22,287	19,241
	<b>29,799</b>	<b>25,718</b>

Management costs in Oversight & Governance Costs include investments, actuarial and accounting staff costs. Audit fees include: the £0.106m external audit fee (2023/24 £0.095m), £0.019m scale fee variation for 22/23 (charged to the Fund in 24/25), £0.005m relating to IAS 19 Assurances for 23/24 and £0.008m relating to IAS 19 Assurances for 24/25. Internal audit costs are included within Specialist advice and Governance.

### 7a INVESTMENTS MANAGEMENT EXPENSES

2024/25	Total	Management Fees	Performance related fees	Transaction costs
	£'000	£'000	£'000	£'000
Equity	-	-	-	-
Pooled Property	2,156	2,163	(7)	-
Private Infrastructure	3,500	3,500	-	-
Derivatives	481	481	-	-
Pooled Investments *	16,105	12,900	3,200	5
	<b>22,242</b>	<b>19,044</b>	<b>3,193</b>	<b>5</b>
Custody Fees	45			
Total	<b>22,287</b>			

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
	<b>19,196</b>	<b>18,109</b>	<b>1,075</b>	<b>12</b>
Custody Fees	45			
Total	<b>19,241</b>			

\* Included within Pooled Investments is £1.889m (£1.645m in 23/24) 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 24/25 represent a decrease in the provision for pooled property of £0.583m and a payment in year of £0.576m. For Pooled investments there is a payment in year of £2.025m and an increase in provision of £1.175m. The current total provision for performance fees is included in note 12 Current Asset and Liabilities.

Of the £22.3m of investment management fees, £13.7m relates to the fees paid to the underlying managers of the portfolios managed by Brunel. Fees were relatively stable year on year due to the muted performance of assets. No material asset allocation changes were made during the period.

## PENSION FUND ACCOUNTS 2024/25

### 8 INVESTMENT INCOME

	2024/25 £'000	2023/24 £'000
Dividends from equities	17	30
Income from pooled Property Investments	15,689	13,560
Income from other pooled investment vehicles	36,408	47,170
Interest on cash deposits	9,149	7,623
Other Income	-	-
<b>TOTAL</b>	<b>61,263</b>	<b>68,383</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 £23.1m stock on loan, secured by collateral of £24.5m. During the year the Fund's share of stock lending income in this portfolio was £0.08m. 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 31/03/24 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31/03/25 £'000
Bonds					-
Equities					-
Long Term Investments	722	-	-	28	750
Pooled Investments-					
- Property	680,454	22,604	(25,344)	(3,429)	674,285
- Non Property	4,950,627	141,207	(68,225)	(120,173)	4,903,436
Derivatives					
- Foreign Exchange Hedge	12,635	26,517	(58,994)	33,095	13,253
- FTSE Futures	688	1,159	(6,055)	3,095	(1,113)
<b>Sub Total</b>	<b>5,645,126</b>	<b>191,487</b>	<b>(158,618)</b>	<b>(87,384)</b>	<b>5,590,611</b>
Other Investment Balances:					
- Cash Deposits	162,500				183,012
- Amount receivable for sales	6,333				364
- Payable for purchases	(9)				(369)
- Investment Debtors & Creditors	1,095				1,043
<b>Total Investment Assets</b>	<b>5,815,045</b>			<b>(87,384)</b>	<b>5,774,661</b>

#### Reconciliation to Fund Account:

	£'000
Change in market value of Investment Assets	(87,384)
Net Purchases & Sales	32,869
Movement in other Investment Balances	14,131
Movement in Long Term Debtors	(17)
Movement in Current Assets	1,445
Less Net Revenue of Fund	(29,563)
<b>Profits and losses on disposal of investments and change in value of investments</b>	<b>(68,519)</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 (£31.587m) plus Investment income (£-61.263m) as shown in the Fund account.

## PENSION FUND ACCOUNTS 2024/25

### Change in Total Net Assets 2023/24

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>

\* Purchases and sales for other investment balances have been removed from this note so that it is consistent with the CIPFA Example Accounts.

## 10 INVESTMENT ASSETS

Further analysis of the market value of investments as set out in the Net Assets Statement is given below:-

	31 March 2025 £'000	31 March 2024 £'000
<b>Non-Property Pooled Investment Vehicles</b>		
Global Equity	1,840,916	1,818,719
Risk Management Strategy	1,295,182	1,522,335
Diversified Growth Funds	385,269	373,169
Infrastructure	745,623	674,975
Multi Asset Credit	369,145	340,487
Hedge Funds	15,206	17,575
Private Debt	252,095	203,367
	<b>4,903,436</b>	<b>4,950,627</b>
<b>Other Investments</b>		
Pooled Property Investments	674,285	680,454
Derivative contracts		
• Foreign Exchange Hedge	21,512	17,309
• Derivative contracts: FTSE Futures	-	688
	<b>695,797</b>	<b>698,451</b>
Cash deposits	183,012	162,500
Investment Income due	1,043	1,095
Amounts receivable for sales	364	6,333
<b>Total Investment Assets</b>	<b>5,783,652</b>	<b>5,819,006</b>
<b>Long Term Investments</b>		
Equities	<b>750</b>	<b>722</b>
<b>Investment Liabilities</b>		
Derivative contracts		
• Foreign Exchange Hedge	(8,259)	(4,674)
• Derivative contracts: FTSE Futures	(1,113)	-
Amounts payable for purchases	(369)	(9)
<b>Total Investment Liabilities</b>	<b>(9,741)</b>	<b>(4,683)</b>
<b>Total Net Investments</b>	<b>5,774,661</b>	<b>5,815,045</b>

During the year remaining capital was called to complete the 9% strategic allocation to Secured Income and further capital was drawn into the Fund's local impact portfolio, funding investments in affordable housing and renewable energy. Underweight positions in private markets combined with positive listed equity performance resulted in an overweight position to listed equities which the Fund rebalanced by reducing equity exposure with the BlackRock Risk Management vehicle. Proceeds were used to bolster the Fund's collateral position and fund ongoing private markets capital calls.

The Long term investment of £0.750m 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 2024.

## PENSION FUND ACCOUNTS 2024/25

### DERIVATIVES ANALYSIS

Open Forward Currency Contracts

Settlement	Currency Bought	Local Value 000	Currency Sold	Local Value 000	Asset Value £'000	Liability Value £'000
Up to one month	EUR	42,334	GBP	35,488	5	(8)
Up to one month	JPY	2,696,900	GBP	14,048	15	(46)
Up to one month	USD	142,633	GBP	110,401	331	(221)
Up to one month	GBP	14,484	JPY	2,696,900	471	(4)
Up to one month	GBP	35,693	EUR	42,334	210	(1)
Up to one month	GBP	112,497	USD	142,633	2,098	(112)
One to six months	EUR	9,168	GBP	7,728	6	(19)
One to six months	JPY	976,300	GBP	5,158	15	(64)
One to six months	USD	125,984	GBP	97,829	352	(558)
One to six months	GBP	166,702	EUR	198,028	333	(501)
One to six months	GBP	61,469	JPY	11,596,300	759	(147)
One to six months	GBP	535,612	USD	685,879	6,487	(2,359)
Six to twelve months	GBP	32,005	EUR	37,772	-	(4)
Six to twelve months	GBP	11,267	JPY	2,124,000	9	-
Six to twelve months	GBP	579,468	USD	738,454	10,292	(3,590)
Six to twelve months	USD	66,580	GBP	51,869	129	(371)
Six to twelve months	EUR	-	GBP	-	-	-
Six to twelve months	JPY	-	GBP	-	-	-
More than twelve months	GBP	86,688	USD	111,979	-	(253)
<b>Total</b>					<b>21,512</b>	<b>(8,259)</b>
<b>Net forward currency contracts at 31st March 2025</b>						<b>13,253</b>
Open forward currency contracts at 31 March 2024					17,309	(4,674)
<b>Net forward currency contracts at 31st March 2024</b>						<b>12,635</b>

#### Exchange Traded Derivatives held at 31 March 2025:-

Contract Type	Expiration	Book Cost £'000	Unrealised Gain / (Loss) £'000
FTSE equity futures	June 2025	71,485	(1,113)

#### Exchange Traded Derivatives held at 31 March 2024:-

FTSE equity futures	June 2024	33,629	688
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A derivative is a financial contract between two parties, the value of which is determined by the underlying asset. Investment in derivatives may only be made if they contribute to a reduction of risks and facilitate efficient portfolio management.

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.

## PENSION FUND ACCOUNTS 2024/25

### 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 2025 £'000	%	31 March 2024 £'000	%
<b>Investments managed by Brunel Pension Partnership:</b>				
BlackRock Risk Management Strategy	1,295,199	22.4	1,522,352	26.2
Brunel Renewables Portfolio	235,618	4.1	206,889	3.6
Brunel Secured Income Portfolio	620,690	10.7	600,319	10.3
Brunel Multi Asset Credit	369,145	6.4	340,487	5.9
Brunel Global Sustainable Equity	648,956	11.2	666,871	11.5
Brunel Paris Aligned Developed Equity	441,806	7.7	427,700	7.4
Brunel Diversified Returns Fund	385,269	6.7	373,169	6.4
Brunel UK Property	188,821	3.3	178,154	3.1
Brunel Global High Alpha Equity	726,463	12.6	720,796	12.4
Brunel Private Debt	252,095	4.4	203,367	3.5
Avon Transition Fund	5	0.0	5	0.0
	<b>5,164,067</b>	<b>89.4</b>	<b>5,240,109</b>	<b>90.2</b>
<b>Investments managed outside Brunel Pension Partnership:</b>				
Blackrock	23,701	0.4	3,354	0.1
Record	85,350	1.5	46,603	0.8
Partners Group	89,333	1.5	104,225	1.8
TT International	308	0.0	311	0.0
IFM Investors	246,967	4.3	228,645	3.9
Schroder Investment Management	13,228	0.2	13,750	0.2
Avon Local Impact Fund	42,243	0.7	35,085	0.6
JP Morgan	15,206	0.3	23,907	0.4
Custodian Cash	64,539	1.1	87,300	1.5
Long Term Investment	750	0.0	722	0.0
Treasury Management	28,969	0.5	31,034	0.5
	<b>610,594</b>	<b>10.6</b>	<b>574,936</b>	<b>9.8</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>5,774,661</b>	<b>100.0</b>	<b>5,815,045</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 2025 £'000	% of Net Asset	Value at 31st March 2024 £'000	% of Net Asset
BlackRock Risk Management Strategy	1,295,199	22.38%	1,522,352	26.13%
Brunel Global High Alpha Equity	726,463	12.55%	720,796	12.37%
Brunel Global Sustainable Equity	648,956	11.22%	666,871	11.45%
Brunel Paris Aligned Developed Equity	441,806	7.64%	427,700	7.34%
Brunel Diversified Returns Fund	385,269	6.66%	373,169	6.41%

## PENSION FUND ACCOUNTS 2024/25

### 12 CURRENT ASSETS AND CURRENT LIABILITIES

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2025.

Debtors and creditors included in the accounts are analysed below:-

	31 March 2025 £'000	31 March 2024 £'000
<b>CURRENT ASSETS</b>		
Contributions Receivable		
- Employers	13,846	12,970
- Members	4,807	4,462
Discretionary Early Retirement Costs	480	81
Other Debtors	1,401	1,263
	<u>20,534</u>	<u>18,776</u>
<b>CURRENT LIABILITIES</b>		
Management Fees	(994)	(468)
Provision for Performance Fees	(2,560)	(1,968)
Lump Sum Retirement Benefits	(2,714)	(2,866)
Contributions received in advance	-	-
Other Creditors	(2,592)	(3,245)
	<u>(8,860)</u>	<u>(8,547)</u>
<b>NET CURRENT ASSETS</b>	<u>11,674</u>	<u>10,229</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 2025.

	31 March 2025 £'000	31 March 2024 £'000
Reimbursement of lifetime tax allowances	<u>240</u>	<u>257</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 with effect from 6/4/23 and will be abolished altogether from 6/4/24.

### 13 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2025. (31 March 2024 £Nil)

### 14 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2025 that require any adjustment to these accounts.

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.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

	Liabilities
Start of period	£6,296m
Interest	£304m
Net benefits accrued/paid over the period*	(£34m)
Actuarial losses / (gains) - see below	(£954m)
End of period	£5,612m

\*this includes any increase in liabilities arising as a result of early retirements

Key factors leading to actuarial gains above year are:

- Change in financial assumptions: Corporate bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities (c£932m reduction).
- Change in demographic assumptions: As noted in appendix B, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities (c£14m reduction).
- Pension increases / inflation experience: The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities (c£8m reduction).

Appendix A - additional considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility and tariffs: There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B – financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2025 (the 31 March 2024 assumptions are included for comparison):

Financial Assumptions	31st March 2025	31st March 2024
Rate of return on investments (discount rate)	5.8% per annum	4.9% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.6% per annum	2.7% per annum
Rate of pay increases*	4.1% per annum*	4.2% per annum*
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.7% per annum	2.8% per annum

Post retirement mortality assumptions (normal health)	31 March 2025 (M/F)	31 March 2024 (M/F)
Base mortality table	SAPS 4 / SAPS 4 middle	SAPS 3 / SAPS 3 middle
Future improvements	CMI 23 1.5%	CMI 22 1.5%
Additional parameters	S=7, A=0 W20=W21=0%, W22=W23=15%	S=7, A=0 W20=W21=0%, W22=25%
Non-retired members (current age 45):		
Weightings	99% / 92%	100% / 94%
Life expectancies at age 65		
Retired members (current age 65):		
Weightings	23.2 / 26.1 94% / 94%	23.3 / 25.8 95% / 94%
Life expectancies at age 65	22.0 / 24.1	22.0 / 24.1

The base tables are set based on the most recent mortality analysis for the Fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5%, and have been updated to allow for the latest base tables available (the "S4" series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

Other demographic assumptions

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

## PENSION FUND ACCOUNTS 2024/25

### 15a VALUE OF PROMISED RETIREMENT LIABILITIES

	31 March 2025	31 March 2024
	£m	£m
Value of Net Assets per NAS	5,786	5,826
Present Value of promised retirement benefits	(5,612)	(6,296)
IAS 26 Surplus/(Deficit) in the Fund	174	(470)

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.

	2024/25	2023/24
	£'000	£'000
Benefits Paid and Recharged	5,896	5,797

The Fund also administered £5.1m pension payments on behalf of the Teachers' pension scheme (£25.5m in 2023/24). They are not included in the Fund Account. The 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
	2024/25	31 March 2025	2023/24	31 March 2024
	£'000	£'000	£'000	£'000
Legal & General	1,393	6,331	925	5,596
Aviva	-	163	-	185
Utmost Life & Pensions	-	16	-	15
	1,393	6,510	925	5,796

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.



**19 RELATED PARTIES**

**Committee Member Related:-**

In 2024/25 £48,248 was charged to the Fund in respect of Allowances paid to the voting Members of the Avon Pension Fund Committee (£39,745 in 2023/24). Five voting members and one non-voting member of the Avon Pension Fund Committee (including one B&NES Councillor Member) were members of the Local Government Pension Scheme during the financial year 2024/2025. (Seven voting members and one non-voting member in 2023/2024, including two B&NES Councillor Members).

**Independent Member Related:-**

Three Independent Members were paid allowances of £14,364, £17,388 and £15,025 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 2024/25 the Fund paid B&NES Council £536,075 for administrative services (£532,108 in 2023/24). Various Employers paid the Fund a total of £139,226 for pension related services including pension's payroll and compiling data for submission to the actuary (£267,116 in 2023/24).

**Pension Board Related:-**

In 2024/25 £8,895 was charged to the Fund in respect of Allowances and expenses paid to the Members of the Pension Board (£8,488 in 2023/24). Five members of the Pension Board were members of the LGPS during 2024/2025 ( five members in 2023/2024).

**Brunel Pension Partnership Limited**

Brunel Pensions Partnership Limited (BPP Ltd. Company number 10429110) was formed on the 14th October 2016 and oversees 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 2024/25 the Pension Fund paid BPP £1,888,622 (2023/24 £1,645,376).

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 Financial Services, Assurances and Pensions. It does not include the Executive Director - Resources (S151).

The Director of Financial Services, Assurances and Pensions was appointed as Interim S151 from 1st April 2025 to 31st December 2025. In this capacity he has approved these accounts. He will be included again in this note next year.

	31 March 2025 £'000	31 March 2024 £'000
Proportion of salary Recharged to Avon Pension Fund	135	131
Proportion of employers contributions recharged to Avon Pension Fund	30	29
	<hr/> 165	<hr/> 160

**21 OUTSTANDING COMMITMENTS**

As at 31 March 2025 the Fund had outstanding commitments relating to investments in Property, Infrastructure, Private Debt and Local Impact funds that will be drawn down in tranches by the Investment Managers, totalling £340.7m (31 March 2024 £453.3m)

22 FINANCIAL INSTRUMENTS

The net assets of the Fund are made up of the following categories of Financial Instruments:

2024/25	Fair Value through Profit and Loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
<b>Financial Assets</b>			
Long Term Investments	750	-	-
Pooled Investments (Non-Property)	4,903,436	-	-
Pooled Property Investments	674,285	-	-
Derivative Contracts Futures	-	-	-
Derivative Contracts FX Hedge	21,512	-	-
Derivative Contracts Equity Options	-	-	-
Cash	166,283	16,729	-
Other investment balances	-	1,407	-
Debtors	-	20,774	-
<b>Total Financial Assets</b>	<b>5,766,266</b>	<b>38,910</b>	<b>-</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	(369)
Derivative Contracts Futures	(1,113)	-	-
Derivative Contracts FX Hedge	(8,259)	-	-
Creditors	-	-	(8,860)
<b>Total Financial Liabilities</b>	<b>(9,372)</b>	<b>-</b>	<b>(9,229)</b>
<b>Total Net Assets</b>	<b>5,756,894</b>	<b>38,910</b>	<b>(9,229)</b>
<b>2023/24</b>	<b>Fair Value through Profit and Loss £'000</b>	<b>Assets at amortised cost £'000</b>	<b>Financial liabilities at amortised cost £'000</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>

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 2025 £'000	31st March 2024 £'000
<b>Financial assets</b>		
Fair value through profit & loss	36,218	435,777
Amortised Cost - realised gains on derecognition of assets	-	-
Amortised cost - unrealised gains	18,463	3,693
<b>Financial Liabilities</b>		
Fair value through profit & loss	(123,602)	(64,464)
Amortised Cost - realised losses on derecognition of assets	-	-
Amortised cost - unrealised losses	-	-
	<b>(68,921)</b>	<b>375,006</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 2025 Brunel Pension Partnership (Brunel) manages £5.16 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., geopolitical or trade tensions 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 source of 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 exhibits the highest price volatility 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's strategy is to minimise its exposure to carbon intensive assets through allocations to Paris Aligned and more sustainable equity assets. In addition, it invests 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 2024/25

### 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 2025. 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 2025:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,839,803	12.0%	2,060,579	1,619,027
Risk Management Strategies	1,295,182	37.8%	1,784,761	805,604
Diversified Return Funds	385,269	7.3%	413,393	357,144
Multi Asset Credit	369,145	6.3%	392,401	345,889
Property	674,285	5.9%	714,068	634,502
Fund of Hedge Funds	15,206	2.9%	15,647	14,765
Infrastructure	745,623	11.0%	827,641	663,604
Private Debt	252,095	6.6%	268,734	235,457
Long Term Investment	750	15.0%	863	638
Cash & Equivalents	197,303	0.6%	198,487	196,120
<b>Total Investment Assets</b>	<b>5,774,661</b>		<b>6,676,574</b>	<b>4,872,748</b>

The analysis for the year ending 31 March 2024 is shown below:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,819,407	11.7%	2,032,278	1,606,536
Risk Management Strategies	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>

### 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 2025 £'000	31st March 2024 £'000
Cash and Cash Equivalents	197,303	182,554
Multi Asset Credit	369,145	340,487
Risk Management Strategy	1,295,182	1,522,335
<b>Total</b>	<b>1,861,631</b>	<b>2,045,376</b>

### 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 2025 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.

## PENSION FUND ACCOUNTS 2024/25

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 2025

	Change in net assets		
	Value	+100 bps	-100 bps
	£'000	£'000	£'000
Cash and Cash Equivalents	197,303	-	-
Multi Asset Credit	369,145	(9,266)	9,266
Risk Management Strategy	1,295,182	(280,018)	280,018
<b>Total</b>	<b>1,861,631</b>	<b>(289,284)</b>	<b>289,284</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 2024 is 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>

### 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 before the Fund's currency hedge is applied. For the global property and infrastructure 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.

Currency risk by asset class:

### Currency Exposure - Asset Type

	Asset value as at 31st March 2025	Asset value as at 31st March 2024
	£'000	£'000
Global Equities	2,880,550	2,775,685
Global Property Funds	83,445	103,788
Diversified Returns Fund	385,269	373,169
Exchange Traded Funds	23,701	3,354
Fund of Hedge Funds	15,206	17,575
Infrastructure Funds	45,984	45,297

### 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 2025. 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.

Currency Risk:

Currency	Value at 31 March 2025 £'000	Implied volatility	Value at 31 March 2024 £'000	Implied volatility
USD	852,020	8.3%	1,015,676	8.3%
YEN	126,718	9.0%	161,556	8.9%
EUR	97,541	4.4%	77,985	4.5%
NOK	53,951	9.3%	78,588	9.4%
CAD	-	0.0%	81,724	5.5%
CHF	-	0.0%	52,248	6.1%

### (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 though 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 2025:

Credit Rating	Value £'000
AAA	2,481
AA+ to AA-	2,275
A+ to A-	10,857
BBB+ to BBB-	52,348
BB+ to BB-	109,444
B+ to B-	147,189
CCC-	18,668
Unrated	25,888

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 £1.4m for 2024/25 (£1.3m for 2023/24)

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 2025 was £166.3m. This was held with the following institutions:

	31st March 2025		31st March 2024	
	Rating	Balance £'000	Rating	Balance £'000
<b>Custodian's Liquidity Fund</b>				
State Street Global Services	AAA	137,420	AAA	119,689
<b>Money Market Funds</b>				
Goldman Sachs Global Treasury Fund	AAA	10	AAA	-
Aberdeen Liquidity Fund	AAA	9,990	AAA	2,620
Federated Investors	AAA	9,930	AAA	10,000
State Street Global Advisors	AAA	3,970	AAA	9,460
CCLA - The Public Sector Deposit Fund	AAA	-	AAA	1,050
Morgan Stanley	AAA	-	AAA	10
Invesco	AAA	1,500	AAA	6,100
<b>Bank</b>				
NatWest Special Interest Bearing Account	A+	370	A+	88
Handelsbanken	AA	3,090	AA	1,560
NatWest Current Account	A+	3	A+	10

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 2025 the market value of shares on loan totalled £23.1m, which generated £0.08m 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 2025 the value of the illiquid assets was £1,688m, or 29% of the total Fund assets (31 March 2024: £1,577m which represented 27% of the total Fund assets).

**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 2024/25

### 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 2025.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investments:-				
Equities	23,691	1,817,225		1,840,916
Risk Management Strategy	-	1,295,182		1,295,182
Fund of Hedge Funds	-		15,206	15,206
Diversified Return Funds	-	385,269		385,269
Multi Asset Credit	-	369,145		369,145
Property	-	166,778	507,507	674,285
Infrastructure	-		745,623	745,623
Private Debt	-		252,095	252,095
Long Term Investment	-		750	750
Cash	166,283			166,283
Derivatives: Forward FX	-	13,253		13,253
Derivatives: Futures	(1,113)			(1,113)
Investment Debtors/Creditors	1,038			1,038
	<b>189,899</b>	<b>4,046,852</b>	<b>1,521,181</b>	<b>5,757,932</b>

The fair value hierarchy as at 31 March 2024 was:

	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	150,587	-		150,587
Derivatives: Forward FX	-	12,635		12,635
Derivatives: Futures	688			688
Investment Debtors/Creditors	7,419			7,419
	<b>162,046</b>	<b>4,225,860</b>	<b>1,415,226</b>	<b>5,803,132</b>

There were no re-classifications of assets between levels in 2024/25.



## PENSION FUND ACCOUNTS 2024/25

### Reconciliation of Fair Value measurements within Level 3

Level 3	Market Value 31 March 2024 £'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 2025 £'000
Property	518,587		11,869	(16,154)	(6,064)	(731)	507,507
Fund of Hedge Funds	17,575		-	(3,570)	888	313	15,206
Infrastructure	674,975		65,196	(6,787)	12,266	(27)	745,623
Private Debt	203,367		54,410	(6,503)	821	-	252,095
Long Term Investment - Equities	722				28		750
	<b>1,415,226</b>	<b>-</b>	<b>131,475</b>	<b>(33,014)</b>	<b>7,939</b>	<b>(445)</b>	<b>1,521,182</b>

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>

### Sensitivity of assets valued at Level 3

Having consulted its investment advisor, and 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 2025.

	Assessed valuation range +/-	Value at 31 March 2025 £'000	Value on increase £'000	Value on decrease £'000
Property	10%	507,507	558,258	456,756
Fund of Hedge Funds	10%	15,206	16,727	13,686
Infrastructure	15%	745,623	857,466	633,779
Private Debt	15%	252,095	289,910	214,281
Long Term Investment	15%	750	863	638
<b>Total</b>		<b>1,521,181</b>	<b>1,723,222</b>	<b>1,319,139</b>

The same analysis for 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 - Equities	15%	722	830	614
<b>Total</b>		<b>1,415,226</b>	<b>1,600,702</b>	<b>1,229,750</b>

## 25 EMPLOYING BODIES

As at 31 March 2025 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)

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 Gate Primary School  
Ashton Park School  
Ashton Vale Primary School  
Avanti Gardens School  
Backwell C of E Junior School  
Backwell School  
Badock's Wood E-ACT Academy  
Bannerman Road Community Academy  
Banwell Primary School  
Barrs Court 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  
Bournville 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  
Broadway Infants School  
Brook Academy  
Burrington C of E 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  
Cherry Gardens 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 (Clifton, Bristol)  
Christ Church C of E Primary School (WSM)  
Churchill Academy  
Churchill C of E Primary School  
City Academy  
Clevedon Learning Trust (Central Functions)  
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  
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 Junior School  
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 C of E Academy  
Flax Bourton C of E Primary School  
Fonthill Primary School  
Fosse Way School  
Four Acres Academy  
Freshford Church School  
Frome Vale Academy  
Gillingstool Primary School  
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 Infants School  
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 C of E 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	St Marys C of E Primary School (Timsbury)
Mendip Green Primary School	St Marys C of E Primary School (Writhlington)
Merchants' Academy	St Mary's C of E VA Primary School
Midsomer Norton Primary School	St Matthias Academy
Midsomer Norton Schools Partnership	St Michael's C of E Primary School, Winterbourne
Milton Park Primary School	St Michael's C of E Junior Church School
Minerva Primary Academy	St Nicholas Chantry CEVC Primary School
Montpelier High School	St Nicholas Church School
Moorlands Infant School	St Nicholas of Tolentine Catholic School
Moorlands Junior School	St Patrick's Primary School
Mulberry Park Educate Together Primary	St Peter's C of E Primary School
Nailsea School	St Philip's C of E Primary School, Bath
New Siblands School	St Saviours Infant Church School
North Star 180°	St Saviours Junior Church School
North Star 240°	St Stephen's C of E Junior School
North Star 265°	St Stephen's Primary Church School
North Star 82°	St Teresa's Catholic Primary School, Bristol
Northleaze C of E Primary School	St Ursula's E-ACT Primary Academy
Norton Hill Primary School	St Werburghs Primary School
Notton House Academy	Stanbridge Primary School
Nova Primary School	Stanton Drew Primary School
Oasis Academy Bank Leaze	Staple Hill Primary School
Oasis Academy Brightstowe	Stoke Bishop C of E Primary School
Oasis Academy Brislington	Stoke Lodge Primary School
Oasis Academy Connaught	Stoke Park Primary School
Oasis Academy Daventry Road	Summerhill Academy
Oasis Academy John Williams	Swainswick Church School
Oasis Academy Long Cross	The Castle School
Oasis Academy Marksbury Road	The Dolphin School
Oasis Academy New Oak	The Kingfisher School
Oasis Academy Temple Quarter	The Leaf Trust (Central Functions)
Oldfield Park Infant School	The Meadows Primary School
Oldfield Park Junior School	The Park Primary School
Oldfield School	The Ridge Junior School
Oldmixon Primary School	The Sky Academy
Olympus Academy Trust (Central Functions)	The Tynings Primary School
Orchard School Bristol	Three Ways School
Palladian Academy Trust (Central Functions)	Tickenham C of E Primary School
Parklands Educate Together Primary	Tortworth Primary School
Parkwall Primary School	Trinity Anglican Methodist Primary School
Parson Street Primary School	Trinity Church School
Patchway Community School	Trust in Learning (Academies) (Central Functions)
Paulton Infant School	Two Bridges Academy
Peasedown St John Primary School	Two Mile Hill Primary School
Pensford Primary School	Two Rivers C of E Primary School
Perry Court E-ACT Academy	Tyndale Primary School
Portishead Primary School	Ubley Primary School
Priory Community School Academy	Uphill Village Academy
Ralph Allen School	Venturers' Academy
Rangeworthy CEVC Primary School	Venturers' Trust (Central Functions)
Raysfield Primary School	Victoria Park Primary School
Redfield Edge Primary School	Walliscote Primary School
Redfield Educate Together Primary Academy	Wallscourt Farm Academy
Redland Green School	Wansdyke Primary School
Roundhill Primary School	Waycroft Academy
Saltford C of E Primary School	Wellsway School
Samuel White's Infant School	Welton Primary School
Sandford Primary School	West Leigh Infant School
Severn Beach Primary School	West Town Lane Academy
SGS Pegasus School	Westbury Park Primary School
Shoscombe Church School	Westbury-on-Trym C of E Academy
Sir Bernard Lovell Academy	Westfield Primary School
Snowdon Village	Weston All Saints C of E Primary School
Somerdale Educate Together Primary Academy	Wheatfield Primary School
Somerset Studio School	Whitchurch Primary School
Soundwell College	Wicklea Academy
St Andrews C of E Primary School	Widcombe C of E Junior School
St Andrew's Church School	Widcombe Infant School
St Anne's Church Academy	Windwhistle Primary School
St Barnabas C of E Primary School	Winford C of E Primary School
St Bede's Catholic College	Winscombe Primary School
St Bernard's Catholic Primary School	Winterbourne International Academy
St Bonaventure's Catholic Primary School	Winterstoke Hundred Academy
St Francis Catholic Primary School	Woodlands Academy
St Georges Church School	Woodlands Primary School
St John The Evangelist Church School	Worle Community School Academy
St John's C of E Primary School (Keynsham)	Worle Village Primary School
St John's C of E Primary School (MSN) (Ann Harris)	Worlebury St Paul's Church School
St Joseph's Catholic Primary School	Wraxall C of E VA Primary School
St Julian's C of E Primary School	Wrington C of E Primary School
St Katherine's School	Writhlington School
St Mark's C of E School (Bath)	Yate Academy
St Mark's Ecumenical Anglican/Methodist Primary School	Yatton C of E Junior School
St Martin's C of E Primary School	Yatton Infant School
St Martin's Garden Primary School	Yeo Moor Primary School
St Mary Redcliffe C of E 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  
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  
Kingswood Town Council  
Midsomer Norton Town Council  
Nailsea Town Council

### Community Admission Bodies

Adoption West  
Ashley House Hostel  
Bristol Music Trust  
Clifton Suspension Bridge Trust  
Merlin Housing Society Ltd (New staff since 2007)  
Merlin Housing Society Ltd (SG)  
Play Station Nursery Ltd - Barley Close (SGC)

Oldland Parish Council  
Patchway Town Council  
Paulton Parish Council  
Peasedown St John Parish Council  
Pill & Easton in Gordano Parish Council  
Portishead Town Council  
Radstock Town Council  
Saltford Parish Council  
Sodbury Parish Council  
Staple Hill & Mangotsfield Parish Council  
Stoke Gifford Parish Council  
Stoke Lodge & the Common Parish Council  
Stoke Park & Cheswick Parish Council  
Thornbury Town Council  
Westerleigh Parish Council  
Westfield Parish Council  
Weston Super Mare Town Council  
Whitchurch Parish Council  
Wraxall and Failand Parish Council  
Wroughton Parish Council  
Yate Town Council  
Yatton Parish Council

Sirona Care & Health (Telecare Service)  
The Care Quality Commission  
The Park Community Trust Ltd  
University of Bath  
Visit West Limited  
West of England Music Limited  
Writhlington Trust

## PENSION FUND ACCOUNTS 2024/25

### 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 - Raysfield School (Mosaic Partnership Trust)  
ABM Catering Limited - South Gloucestershire Council (Bromley Heath Cluster)  
ABM Catering Limited - St John's Catholic Primary School  
ABM Catering Limited - St Mary's School, Bath  
Active Community Engagement Ltd  
Active Nation UK Limited  
Agilisys Limited  
Agilisys Limited 2015  
Alliance in Partnership Limited - Henleaze Junior Academy  
Alliance in Partnership Limited - Mosaic Partnership Trust

Alliance in Partnership Limited - Redfield Edge Primary School  
Alliance in Partnership Limited - The Park Primary School  
Alliance in Partnership Limited - Westbury on Trym C of E Academy

Apex Prime Care West Ltd  
Aramark Limited - City of Bristol College  
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 - E-ACT  
Aspens Services Limited - Elmlea School Trust  
Aspens Services Limited - Extend Learning Academies Network  
Aspens Services Limited - Kaleidoscope MAT  
Aspens Services Limited - Lift Schools  
Aspens Services Limited - Lighthouse Schools Partnership  
Aspens Services Limited - Palladian Academy Trust  
Aspens Services Limited - St Anne's Church Academy (Priory Learning Trust)  
Aspens Services Limited - Warmley Park Primary School  
Ategi limited  
Atlas FM Payroll Services Ltd - South Gloucestershire & Stroud College  
BAM Construction UK Ltd  
Cater Link Limited - Castle School Education Trust  
Churchill Contract Services Ltd - Futura Learning Partnership  
Circadian Trust  
City Leap Energy Partnership Limited  
CleanTEC Services Limited - E-ACT  
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 - 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 Werburgh's Primary School (BCCfw)

Coombs Catering Partnership - Gillingstool Primary School (Mosaic Partnership Trust)  
Coombs Catering Partnership - Mosaic Partnership Trust  
Coombs Catering Partnership - New Siblands School  
Creative Youth Network - South Gloucestershire Council Youth Service

Direct Cleaning Services (South West) Limited - Lighthouse Schools Partnership  
Direct Cleaning Services (South West) Limited - New Siblands School (Enable Trust)  
Direct Cleaning Services (South West) Limited - Palladian MAT  
Direct Cleaning Services (South West) Limited - South Gloucestershire Council  
Direct Cleaning Services (South West) Limited - St Gregory's Catholic College  
Direct Cleaning Services (South West) Limited - Twerton Infant School  
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 - Rangeworthy School  
Edwards and Ward Ltd - South Gloucestershire Council  
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  
Greenwich Leisure Ltd - Bath & North East Somerset Council

HCRG 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  
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 - Bath & Wells MAT (St George's Church School)  
Liberata UK Limited  
Mentoring Plus Bath & North East Somerset  
Miquill Catering - St Anne's Primary School  
OCS Group UK Limited - Olympus Academy Trust  
Portway Sports Centre Limited  
Prestige Cleaning & Maintenance Limited  
Purgo Supply Services Ltd - Castle School Education Trust  
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 - Extend Learning Academies Network  
Sansum Solutions Group Limited - St Bede's Catholic College  
Sansum Solutions Group Limited - Westhaven School  
Shine Wraparound Care Ltd - Olympus Academy Trust  
Skanska Rasleigh Weatherfoil Ltd  
SLM Community Leisure Trust  
SLM Fitness & Health Ltd  
Sodexo Ltd - Lighthouse Schools Partnership  
Sodexo Ltd - Oasis Community Learning

Solo Service Group Limited - Bristol City Council

Solo Service Group Limited - Excalibur Trust

The Brandon Trust

Weston Support Services - Ashcombe Primary School  
Weston Support Services Ltd - North Somerset Council Campus School  
Xerox (UK) Limited  
Youth Connect South West

## 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. The Local Code was updated and endorsed by the Corporate Audit Committee on 1st May 2024 and presented to Council to note on 21st November 2024. A copy of the 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 2025, and up to the date of the approval of the statement of accounts.

## 2. The Purpose of the Governance Framework – Background & Overview for 2024/25

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. At its meeting on 21st November 2024, Council agreed Constitution Working Group proposed minor amendments and changes made by the Monitoring Officer.

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:

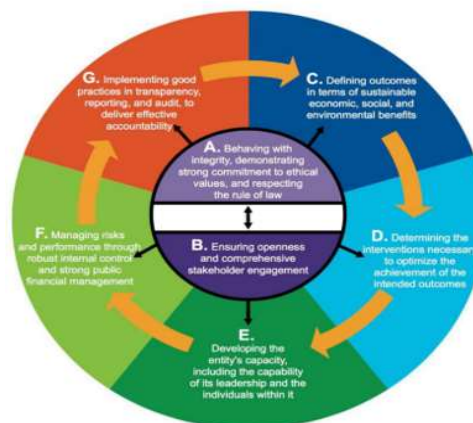
- Operates in a lawful, open, inclusive and honest manner
- Makes sure public money is safeguarded, properly accounted for and spent wisely
- Has effective arrangements in place to manage and control risk
- Secures continuous improvements in the way it operates.

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).

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 2025 and up to the date of approval of the Council's Statement of Accounts.



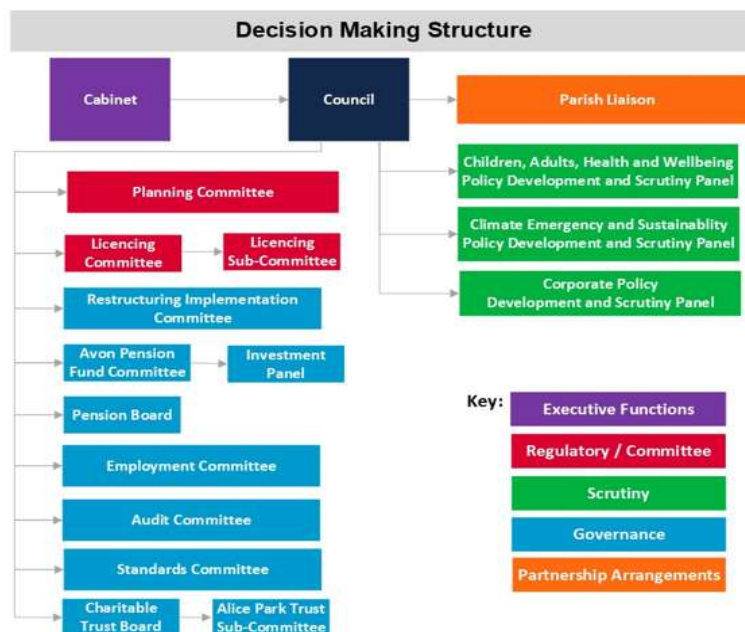
Source: CIPFA/SOLACE

## 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.

**Executive Leadership Team** - 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

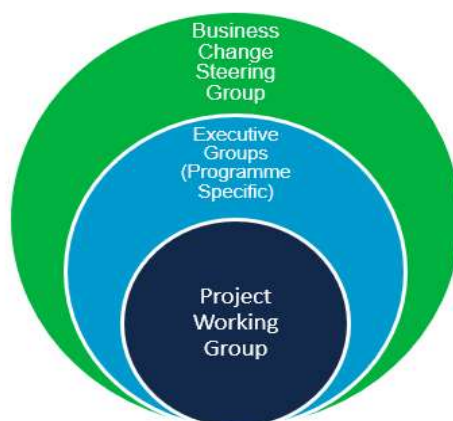
**Capital Strategy Group** – To govern the council's capital programme providing assurance to the Executive Leadership Team and cabinet on the budget setting, scheme approval, management and delivery of the council approved capital programme.

**Infrastructure Development Group** – Ensure alignment in outcomes and strategic oversight on our key priorities across property, regeneration, planning and highways investment plans.

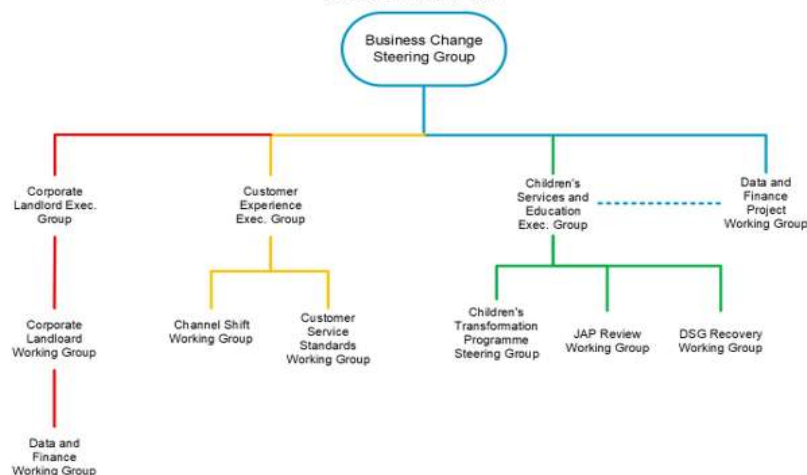
## Corporate Advisory & Steering Groups

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.



## BCH 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:

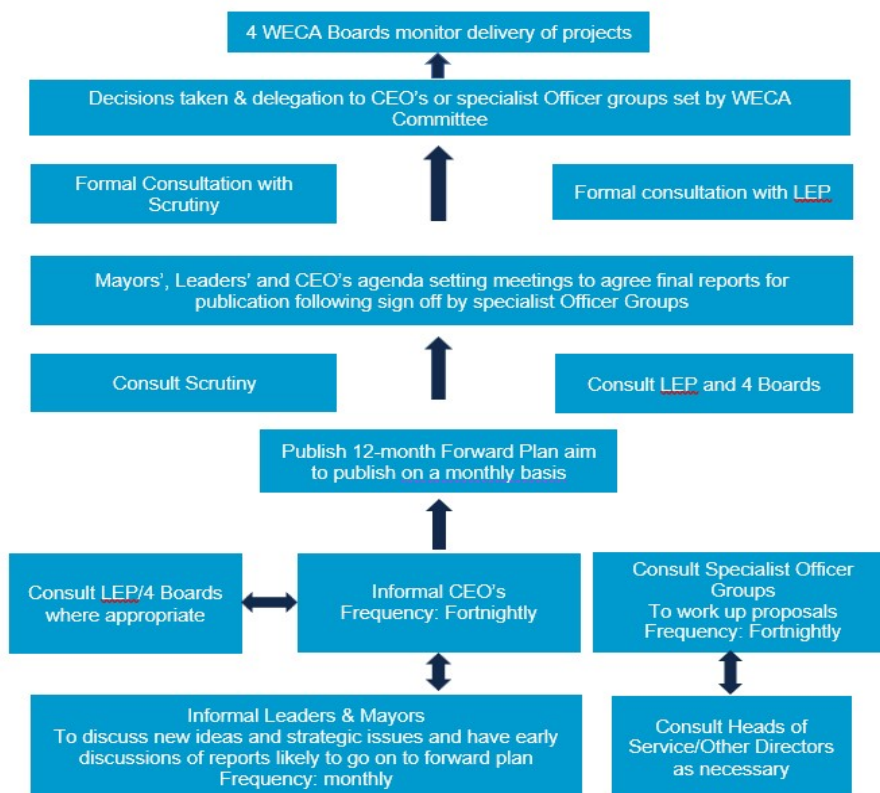
1. Elected Mayor
2. Constituent councils' representatives
3. Chair of the West of England Local Enterprise Partnership

#### 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 2024/25

The Council has adopted a number of key strategies which contain shared outcomes that the Council is working with partners to deliver. These are recorded in the table below:

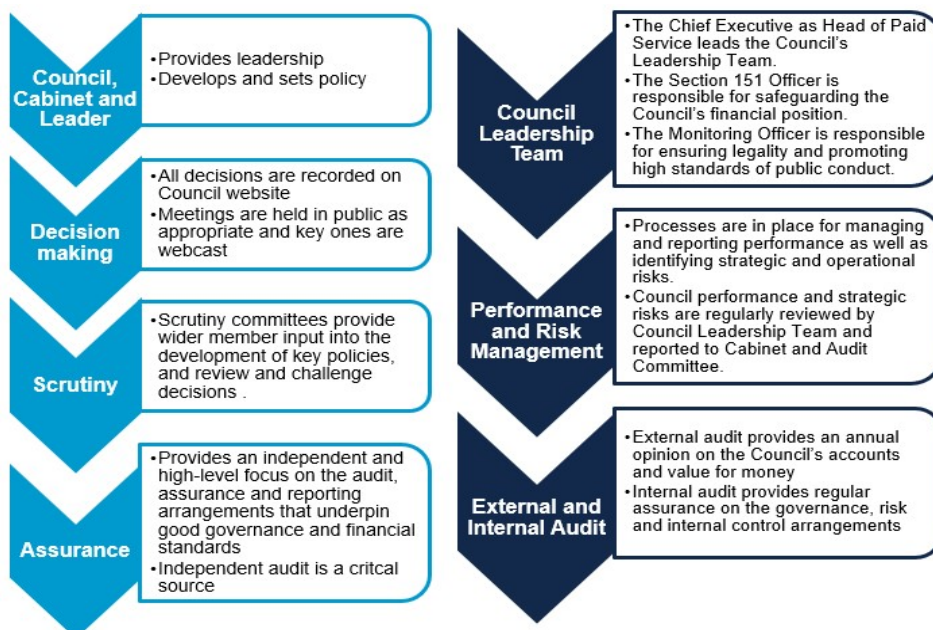
Partnership	Strategy
Future Ambition Board 	One Shared Vision Economic Strategy
BSW Together  Bath and North East Somerset, Swindon and Wiltshire Together	Integrated Care Strategy and Implementation Plan
Bath & North East Somerset Community Safety and Safeguarding Partnership (BCSSP)  Bath & North East Somerset Community Safety & Safeguarding Partnership	BCSSP Strategic Plan
Health and Wellbeing Board 	Joint Health and Wellbeing Strategy Children and Young People's Plan

B&NES Council, other public sector organisations (including the RUH, Bath) and those organisations who have been commissioned to deliver wellbeing services for residents within Bath and North East Somerset have created the Community Wellbeing Hub (CWH). The Community Wellbeing Hub provides a central place for residents to access a range of services to improve health and wellbeing. A Memorandum of Understanding for joint working has been signed by partner organisations and funding has been secured until April 2026.

In November 2023, Cabinet agreed to Phase 2 of the Outline Business Case (OBC) commencing so that the OBC can be completed and the proposed sustainable business model for the CWH from April 2025 can be presented to Cabinet (at a date to be confirmed). This involved the allocation of officer time to support this phase of work, enabling work to commence from Jan 2024 to implement the Delivery Plan to secure all elements of the CWH by April 2025.

Formal approval of the Better Care Fund which relates to the 2025/26 plan for the CWH has been given by the Chief Executive, Director of Adult Social Care, S151 officer, and the Chair of the Health and Wellbeing Board (HWB). This will be presented to the HWB in May for ratification. Confirmation has recently been received that the Better Care Fund have approved the funding request as per the business plan for 2025/26. As well as the funding re. the BCF the overall approach to the CWH has been incorporated into the council's reports on Community Services Transformation.

The wider elements of the framework of our governance arrangements at the council during 2024/25 were:



## ANNUAL GOVERNANCE STATEMENT 2024/25

### Council Business 2024/25 – Key Governance Decisions

#### 16th May 2024 - Council's Annual General Meeting (AGM):

- Appointment of Committees and Panels.
- Agree Terms of Reference of the Constitution Working Group

At the council's AGM Councillors Karen Walker and Liz Hardman were appointed Chair and Vice Chair respectively for the council year 2024/25. 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 2024/25, 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 (2024) was endorsed by the Corporate Audit Committee and noted by the Council at its meeting of 21st November 2024 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.

# ANNUAL GOVERNANCE STATEMENT 2024/25

## 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 October 2024.

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 once in 2024/25. A report of the Committee is presented to Council at least annually and the last annual report for the year April 2023 to March 2024 was submitted to the 18th July 2024 Council meeting. It recorded that Committee comprised of 10 members (5 B&NES Councillors {1 vacancy}, 3 Parish Councillors and 2 independents). The Committee's 2 Independent Persons 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 (Dr Axel Palmer as Co-Chair, the other is Cllr Toby Simon).

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 10 in 2023/24 from 15 the previous year, this was below the average number of cases per annum (13). In terms of outcomes – 'No Action Required' for 8 cases and 2 were 'Ongoing'.

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.

There is also a member complaint policy which is overseen and administered by the Council's Monitoring Officer.

#### 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 was due to come into force on 28th October 2024, this was amended by the Cabinet Office to 24th February 2025. 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. 21st November 2024 Green Group motion on Tackling the Housing Crisis, Council resolved:

1. Request Cabinet Member for Built Environment and Sustainable Development to write to the government asking for local authorities to have the power to introduce rent controls.
2. Develop local measures to limit the impact of short-term holiday lets.
3. Request the Leader of the Council to write to government calling to:
  - a) End Right to Buy
  - b) Allow councils to borrow and build more social housing
4. Improve Policies on empty Homes.
5. Request Cabinet to monitor and expand on Compulsory Purchase Order (CPO) pilot scheme to reclaim under-utilised homes.

## ANNUAL GOVERNANCE STATEMENT 2024/25

### 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 be 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 is 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:

- City of Bath and Great Spa Towns of Europe World Heritage Site Management Plan (closed 17th January 2025)
- Bath Walking, Wheeling and Cycling Links Scheme (closed 2nd December 2024)
- Local Council Tax Support Income Band Increase (Closed 15th December 2024)
- 2024/25 Parking Charge Review Consultation (closed 8th August 2024)

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 governance of the Combined Authority.

### 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 tackling 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 2024/25 includes investments that provide economic, social and environmental benefits including: Bath Quays delivery; 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 on 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.



### 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), 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.

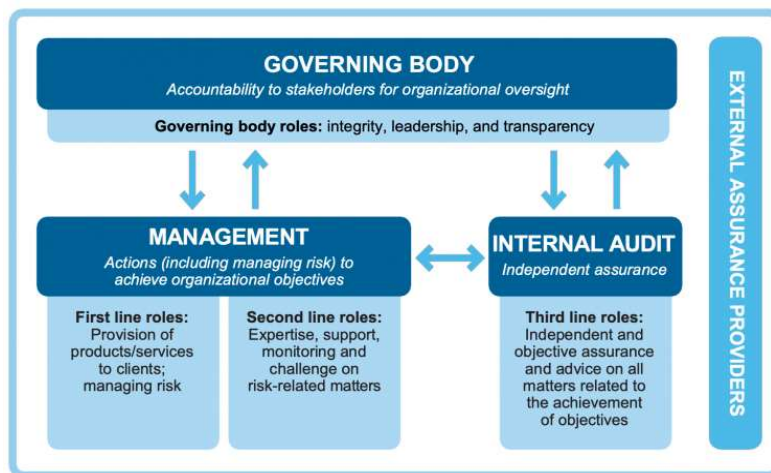
- Directorate Dashboards including key performance indicators
- Corporate and Directorate risk registers
- Contracts and commissioning intentions
- People/Human Resources data
- Geographical Information System
- Local facts and figures

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 three lines 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 / 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.



## ANNUAL GOVERNANCE STATEMENT 2024/25

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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) has been carried out by Andy Rothery (appointed March 2020) up to 13th December 2024. The appointment of an interim Executive Director (S151 Officer) until 31st March 2025 was approved by Council in November 2024 and Chris Kinsella was appointed to the role from January 2025 – 31st March 2025. Following the appointment of Simon Parker as Executive Director (Resources) in March 2025, Jeff Wring, Director of Financial Services, Assurance & Pensions, will become interim S151 Officer from 1 April until the end of December 2025.

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 adhered to 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. Previous and current S151 Officers are qualified accountants, 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 regularly to cabinet and the Corporate Policy Development and Scrutiny Panels.

The Council's Statement of Accounts 2023/24 was presented to the 27th November 2024 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 2023/24, 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 2023/2024 as representing a "true and fair view" of the financial position as at 31st March 2024.

The External Auditors Annual Report on the Council was presented to the Corporate Audit Committee meeting held on 27th November 2024. 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 2025/26 and Financial Outlook Report was reported to Council at its 25th February 2025 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 2025/26 budget takes into account the forecast out-turn for 2024/25 and estimates for 2025/26. 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 2025/26 were robust, the budget was lawful, and levels of balances improved and would be adequate and reasonable in meeting the council risks.

### 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 including a recent revision and the need 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.

### 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.

One West in conjunction with Statutory Officers reviews the effectiveness of the governance framework during the year and then drafts the 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 28 risks as at Quarter 4 2024/25 linked to the following themes:

- Climate Emergency – Adaptation & Resilience, Reducing Emissions
- Children's – management of dedicated schools grant deficit & transformation, children's social care costs and resourcing
- Statutory Compliance – landlord responsibilities
- Safeguarding
- Partnership Working – WECA, ICB
- Financial Control – in-year budget management
- Financial Planning & Management – Capital Programme
- Social Care – Capacity DOLS, recommissioning health and ASC services, inadequate services
- Housing needs
- Transport – Procurement & Home to School escalating costs
- Emergency Management – fail to plan, inadequate capacity to manage increased events linked to climate change
- Infrastructure / Asset Management
- Information Technology / Cyber Security
- Organisational Development – Being Our Best Change Programme delivery
- Public Health
- Pension Fund Stability
- Workforce Development / Resilience
- Health, Safety and Wellbeing of staff
- Corporate Strategy / Performance
- Corporate Governance – Decision Making
- Project Delivery

### Chief Audit Executive - Internal Audit Opinion

As part of our statutory requirements, the Head of Audit & Assurance in fulfilling the role of the Council's Chief Internal Auditor/ Chief Audit Executive, is required to give an opinion on the internal control framework.

In forming this view, I have considered the work of the Audit & Assurance function as well as other assurances I can rely on and consideration of the wider governance framework and performance of the council.

As highlighted during previous reports to the Audit Committee within 2024-25, we are reporting the state of the internal control framework as satisfactory based on our audit opinions.

The council's internal control framework and systems to manage risk had not altered significantly from the previous year and it is therefore my opinion that, based on the work completed, the council's internal control framework and systems to manage risk continue to be reasonable.

- 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.

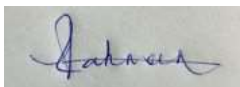
During 2024-25, there has been a greater increase in Council staff working from the office, and in line with this, we have been able to continue our increase in the number of in-person internal audit reviews (i.e. as opposed to online). We believe this allows for greater observation and understanding of work behaviours, which can provide further insight into the activity being audited.

In 2024-25 there were relatively minor adjustments to the internal audit plan. The vast majority of work undertaken continued to take place in the areas planned and agreed, and it is my opinion that, based on the work completed, the council's internal control framework and systems to manage risk are reasonable.

The ongoing financial challenge to all Local Authorities and further macroeconomic factors also place pressure locally on services to respond and manage risk in a proportionate way. A robust Internal Audit service is a vital component of the Council's governance systems and provides the third and final line of defence in relation to the internal control framework.

The Audit Committee has been supportive of our work throughout the year and I would like to thank elected members and the independent members for their input and guidance.

Signed:



Tariq Rahman  
Chief Audit Executive  
31st March 2025

## ANNUAL GOVERNANCE STATEMENT 2024/25

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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 2024/25. 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: 24th September 2025

# ANNUAL GOVERNANCE STATEMENT 2024/25

## 6 Significant Governance Issues 2024/25

Issue in 2024/25	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 2024), the budget outturn for 2024/25 was forecast to be £0.97m 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 £5.5m over the 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); Regeneration (rental income shortfall); and Waste Services (staffing pressures). The Dedicated Schools Grant was also £11.9m over budget as a result of in-year SEND placement pressures.</p> <p>Increased parking income, strong treasury management performance, and reduced capital financing costs partially mitigated pressures.</p> <p>Savings delivery was monitored closely, and management action plans identified if delivery was at risk. In relation to the 2024/25 approved savings of £16.42m, 77% (£12.66m) are forecast to be delivered in full. Of the £3.76m not currently achieved, £2.77m are being mitigated through savings, contingency or income elsewhere in the respective service, while £0.99m of savings are being delayed until 2025/26 or addressed through the budget setting proposals. This reduced the forecast overspend considerably, but nevertheless an over budget position was still forecast.</p> <p>The overall position improved over the final quarter of the year with the final outturn reporting an improved position of £0.2m overspend (after carry forwards) which has been funded by utilising the Council's Revenue Budget Contingency Reserve.</p>	<p>The Council's 2025/26 budget was approved by Council on 25th February 2025. The paper to Council included revenue savings and income generation proposals for 2025/26 to 2027/28 (£14.012m for 2025/26).</p> <p>Key components of the budget included:</p> <ol style="list-style-type: none"> <li>1) Increasing Council Tax by 2.99% and the Adult Social Care Precept by 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) The Council's Capital Programme</li> </ol> <p>Material Items requiring additional funding in the 2025/26 Budget were:</p> <ul style="list-style-type: none"> <li>• Adult Services budget growth - £6.5m</li> <li>• Children's Services budget growth - £9.2m</li> <li>• Neighbourhood Services budget growth - £3.2m</li> </ul> <p>In recognition of the significant budget risks from changes in cost as a result of the government National Insurance changes, demand on statutory services rising above modelled levels, alongside savings delivery risk, the following contingencies and provisions were included in the budget:</p> <ul style="list-style-type: none"> <li>• Corporate Contingency of £3m for savings delivery risk and slippage.</li> <li>• Contract Inflation Provision of £2.6m for the impacts of Employers National Insurance on supplies and services and contract spend across services.</li> <li>• High Risk Service Demand &amp; Cost Increase Provision of £4.2m.</li> </ul> <p>Children Services Management Plan key priorities include:</p> <ul style="list-style-type: none"> <li>• Support children and young people (CYP) and families on the edge of care/early help</li> <li>• Reunification of CYP with family and the use of kinship arrangements</li> <li>• Regular practice reviews of high-cost placements, ensuring health costs are funded</li> <li>• Provision of local residential accommodation and education arrangements</li> <li>• Establishment of a new transitions team across adult social care, children's social care and SEND to support young people as they move from children's to adult services</li> <li>• Establishment of a new SEND early help service</li> <li>• A review of disabled children's services and costs</li> <li>• Implementation of a home-to-school action plan, including bringing some transport provision back in-house</li> </ul> <p>Improvement recommendations raised in the External Auditors Interim Annual Report 2023/24 included:</p> <ul style="list-style-type: none"> <li>• continue to work with the DfE to ensure a realistic and deliverable management plan is agreed for the increasing DSG costs.</li> <li>• enhance reporting arrangements for savings to Cabinet, ensuring that all savings are accurately profiled.</li> <li>• enhance the governance arrangements and savings delivered through transformation by identifying and documenting all transformation activities within one plan.</li> <li>• ensure that recommendations raised within Internal Audit reports are actioned within the agreed timescale.</li> </ul>
<p><b>2. Children Services – Dedicated Schools Grant Deficit &amp; the Safety Valve Agreement</b></p> <p>The Dedicated Schools Grant (DSG) is a ring-fenced budget distributed across four blocks: schools, early years, high needs, and central school services. Since 2019/20, the Council has exceeded the allocated funding, resulting in a deficit primarily within the high needs block, which supports services for individuals with special educational needs and disabilities (SEND).</p> <p>Over the past 5 years the growth in the Education, Health and Care Plans (EHCP)s and requests for EHCPs has grown significantly. The numbers of EHCP requests have increased by 125% over the 5-year period whilst the numbers of EHCPs granted has increased by 75%.</p> <p>The spend on the High Needs Block (HNB) has increased over the same period £27m to £49m (81%) with an increase in funding allocated by the DfE from £24m to £37m (54%).</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>However, due to slippage, the agreement with the DfE is under review, and grant payments have been suspended pending a revised agreement. In the 2023-24 financial year, the total paid under the agreement was £0.55m.</p>	<p>During 24-25 the DfE put a hold on any reviews of DSG management plans as the National Election and change in Government meant that officials were reviewing the policy approach to the safety Valve programme. During this period the DfE made no payments to LA's in enhanced monitoring.</p> <p>The DfE have subsequently invited B&amp;NES to resubmit our deficit management plan with a deadline of 30th April 25.</p> <p>Officers have reviewed our current plan and enhanced the delivery of some aspects of the processes to ensure that the LA are providing appropriate actions to support the recovery of the overspends that are occurring.</p> <p>Our current plan has been modelled with additional resources for 25-26 due to increases in the High Needs Block allocations as part the financial settlement. Additionally, our 24-25 outturn position shows that we have overachieved the original planned position and this has been built into our current resubmission</p> <p>Our new plan develops the delivery of new local provision to aid the provision of more efficient provision in the local community. The capital and sufficiency element of our plan will create significant numbers of places for pupils with EHCPs in local provision. The plan sets out the creation of 2 new special schools and the creation of a number of resource bases within local mainstream schools.</p> <p>The System of SEND support will provide schools and teachers with support and advice to support pupils with SEND but have yet to request an EHCP with the intention of the schools being able to support the pupils within the mainstream without the need for additional support. This advice service is now fully operational, and advice and guidance is being delivered in a structured way across our schools.</p> <p>*The deficit management plan has been extended to model the impact of the service enhancements and provides a planned recovery timeframe up to 2030-31.</p> <p>The DfE will now consider our proposals with a view to reinstating the safety valve payments which will now be spread over the next 5 years.</p>

## ANNUAL GOVERNANCE STATEMENT 2024/25

### 7 Update on Significant Governance Issues 2023/24

Issue in 2023/24	Update on Mitigating Actions
<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>At Q3 of 2024/25 a revenue overspend of £0.97m was being forecast. 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 £5.5m 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); Regeneration (rental income shortfall); and Waste Services (staffing pressures).</p> <p>Increased parking income, strong treasury management performance, reduced capital financing costs and release of budgeted inflation &amp; risk contingencies partially mitigated pressures.</p> <p>The overall position improved over the final quarter of the year with the final outturn reporting an improved position of £0.2m overspend (after carry forwards) which has been funded by utilising the Council's Revenue Budget Contingency Reserve.</p>
<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>To prepare for the resubmission of the Safety Valve plan to the DfE, the Council was put into an Enhanced Monitoring pool, which meant it has received additional support from 3 x DfE appointed advisers. 2 financial advisers and one SEND specialist.</p> <p>The Service also appointed Partners to review the original submitted plans and was granted dedicated support from the Council's Business Change Hub. External expertise was also granted to refine the financial modelling required.</p> <p>The Enhanced Monitoring process requires the LA to resubmit its recovery plan which has been resubmitted. 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 Service redeveloped and refined its submission into three business cases, together with a dedicated financial modelling template, an overarching document and presentation describing the proposals for the programme.</p> <p>The programme is now called the SEND Collaboration for B&amp;NES.</p> <p>Updated plans for the SEND Collaboration for B&amp;NES were originally submitted to DfE on time on 24th May 2024. Detailed feedback was received from DfE advisers on 27th June 2024.</p> <p>Following a review of the feedback, a date was agreed with DfE to re-submit the plans, considering the comments from the advisers. This was agreed and the plans were submitted again on the 30th September 2024.</p> <p>Following guidance from the DfE a revised version of the plan was submitted on 30th April 25 and feedback is awaited.</p>

## 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 Director of Financial Services, Assurance & Pensions (s151 Officer) 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.

### Director of Financial Services, Assurance & Pensions (s151 Officer) responsibilities:

The Director of Financial Services, Assurance & Pensions (s151 Officer) 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 Director of Financial Services, Assurance & Pensions (s151 Officer) 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 Director of Financial Services, Assurance & Pensions (s151 Officer) 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 Director of Financial Services, Assurance & Pensions (s151 Officer)

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 2025.

### SIGNED:

Director of Financial Services, Assurance & Pensions (s151 Officer)

Jeff Wring

DATE: xx xxxxxxxx 2025

### 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 24th September 2025.

### SIGNED:

Chair, Corporate Audit Committee

Councillor David Biddleston

DATE: xx xxxxxxxx 2025

The Statement of Accounts were authorised for issue on xx xxxxxxxx 2025.

## 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.