Statement of Accounts

Bristol City Council

For the Year Ended 31 March 2016

The Accounts and Audit Regulations 2015 require the City Council to prepare a set of Financial Statements. The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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Narrative Report

About Bristol

Bristol is the largest city in the south west of England.

Bristol at a glance:	
Population	442,500 (projected to rise to over 500,000 by 2029)
Size	110 square km
Economic productivity	Bristol contributes £12.6bn to the UK economy
Qualifications and training	46% of population qualified to degree level (UK average 36%) 32% not qualified to NVQ level 2 (UK average 36%)
Employment	Unemployment rate 7.2% (UK average 6.2%)
Ethnicity	22% are not 'White British', of which 16% are BME
Arts and creativity	13% of city businesses are in the arts and creative industries Bristol and South Gloucester welcome 19m visitors per year
Average house price	Prices rose £44,100 in 2005-2015, a 29% increase (16% nationally)
Environment	Over 4000 listed buildings, 80 designated wildlife sites and 33 conservation areas, 90 parks and gardens
Note – this data is extracted from the Bristol "**State of the City: Key Facts 2015**" report available at www.bristol.gov.uk/statistics. The Key Facts 2016 update is due to be published in July 2016.	

As well having a successful and rapidly growing economy, Bristol is often considered to be one of the best places in the UK to live, work or study. But the city is not without its challenges. Roads are becoming increasingly congested, the number of residents over 75 years old is expected to rise by 22% over the next ten years, and not all residents are benefitting from the region's overall prosperity.

The Council's key objective is to manage the continuing commercial expansion and success of the city whilst at the same time maintaining quality of life for everyone, and providing effective, targeted support to those individuals and communities who need it.

Our priorities

The Council's priorities for Bristol are set out in the Corporate Plan:

Corporate Plan in 2015/16: Strategic Actions

People		Place		Prosperity	
Healthy and Caring Bristol	Keep Bristol Working and Learning	Keep Bristol Moving	Building Successful Places	Global Green Capital	Vibrant Bristol
Addressing Inequality					
Active Citizens					
Empowered City					

Flexible & Efficient

These strategic priorities are put into practice through detailed service delivery and spending plans. Day to day management of the Council is the responsibility of the Strategic Leadership Team, which consists of the City Director and four Strategic Directors. This team is in turn accountable to:

- The city's directly elected mayor; and
- 70 local councillors elected by local people.

"Bristol City Council will work to address inequalities of health, wealth and opportunity in the city, supporting every citizen to reach their potential by creating successful places in which to live, work and play." (*Extract from the Corporate Plan***)**

What residents think

The Quality of Life survey, now in its fifteenth year, was repeated in 2016 to provide local insight on current issues, lifestyles and residents' opinions. Results confirm Bristol's reputation as one of the most liveable cities in Britain, if not the world:

- 83% of respondents see Bristol as a "good place to live"
- 84% are satisfied, or very satisfied, with the quality of green and open spaces
- 84% are also satisfied with the range and quality of local outdoor events
- Over half use public transport, walking or cycling to get to work
- Only 16% feel that crime, or a fear of crime, affects their everyday life
- Only 36% are happy with how the council runs things and only 38% think it provides good value for money
- Only 26% felt they could influence decision making in their local area.

However over half of all respondents agreed that traffic congestion had got worse over the two years since the previous last survey. Many also expressed concerns about pollution, parking and public transport. All of these areas are Council priorities for 2016/17.

The Council has established a consultation hub on its website which gives residents more opportunity to "have their say" on spending decisions and local issues. The hub also summarises, for each separate issue, the feedback receives and how it has been acted upon. Open, transparent local government is a key priority for the elected mayoral priorities for 2016/17.

Have your say - get involved with council decisions and local issues

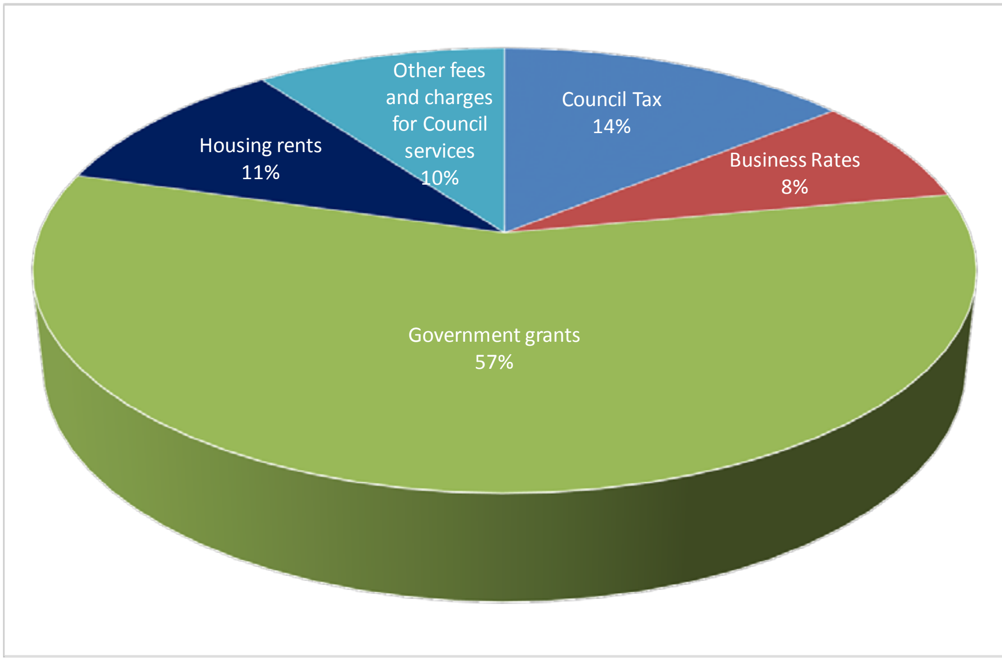
https://www.bristol.gov.uk/council-and-mayor/consultations-and-petitions

Our Financial Strategy

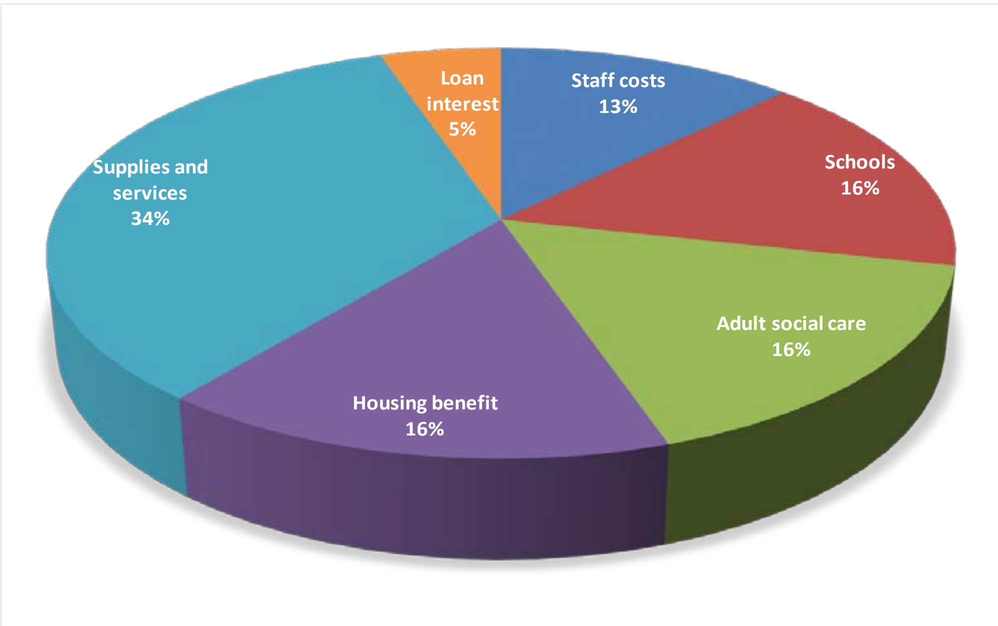
Bristol City Council is one of the 10 largest local authorities outside London. Annual gross expenditure (and income) exceeds £1.2bn, making it one of the country's top 200 businesses in its own right.

An overview of the Council's current sources of revenue funding and spending is set out below:

Sources of income



Main types of expenditure



Source: 2015/16 Statement of Accounts

The Council approved its 2014 - 2017 medium-term financial strategy in February 2014 following extensive consultation with local residents. That financial planning process aimed for:

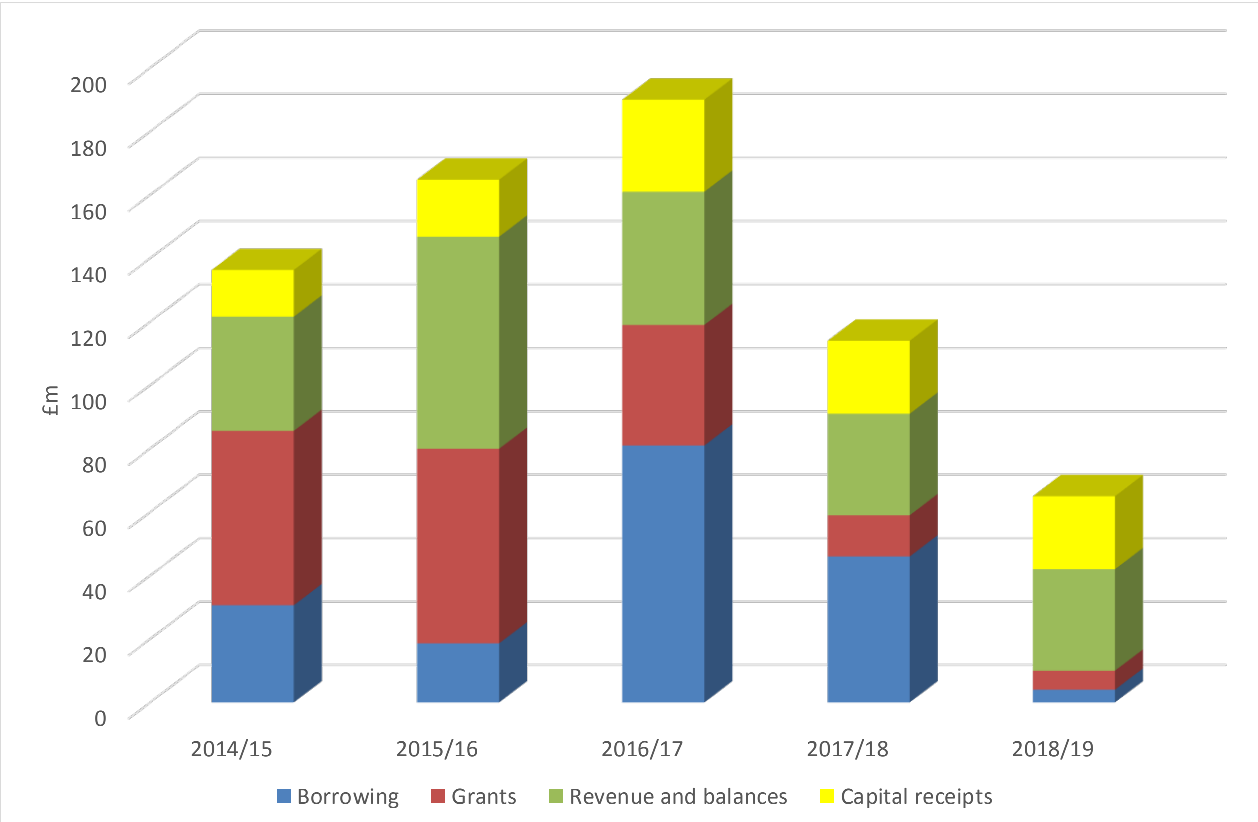
- A balanced budget in each of the three financial years to 2016/17
- Working balances maintained at 5% of net spending
- Savings delivered in line with government funding cuts but focussed on improving back office efficiency with a commitment to minimising front line service cuts
- Use of balances for capital investment and one-off projects as and when agreed
- Modest growth in key priority areas.

Annual consultation has confirmed this strategy with only minor amendments in each of the following two years.

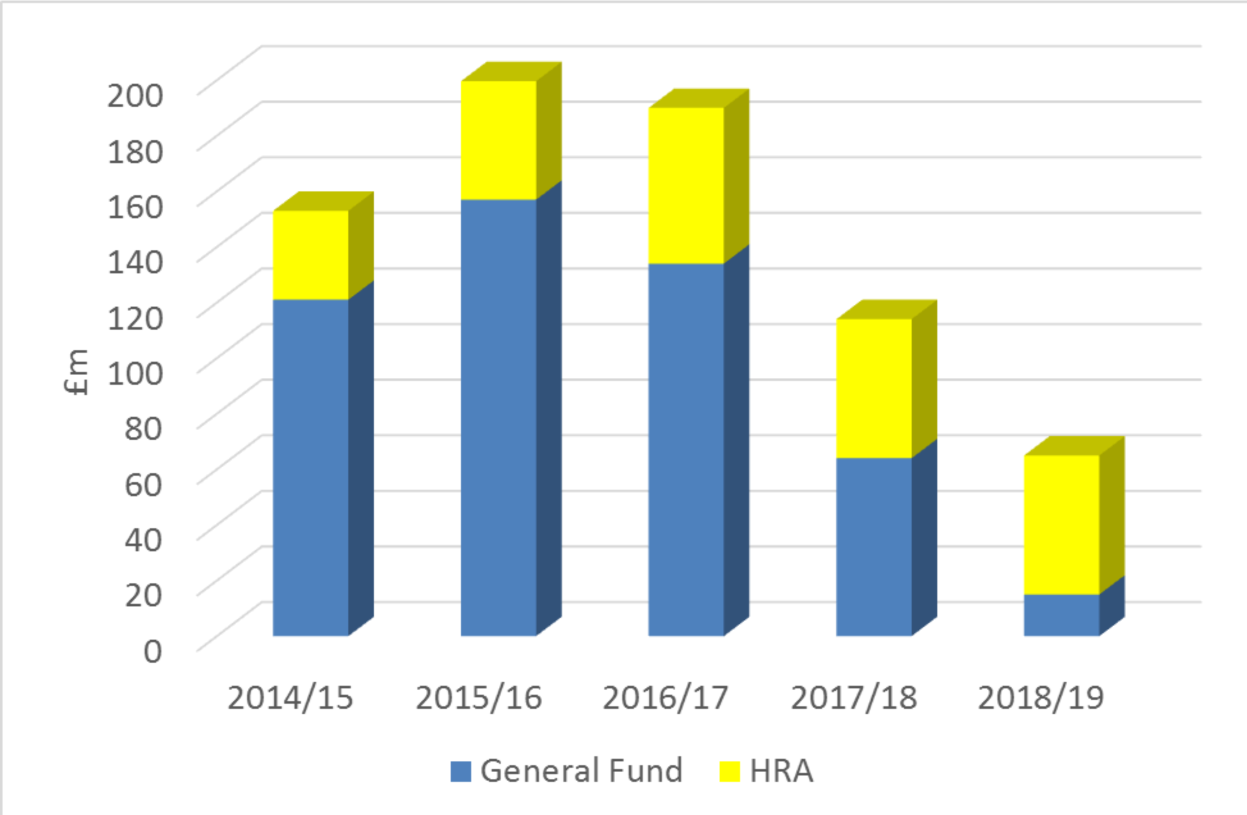
Capital Investment

The Council operates a three-year rolling programme for capital investment. Total approved budgets and sources of funding for 2014/15 through to 2018/19 are shown below:

Sources of income



Capital expenditure plans



There is an ongoing programme of capital works to refurbish and invest in school buildings, council housing, highways infrastructure, other council buildings and ICT which takes up about half of the capital budget each year. Other major capital projects are:

Project	Estimated spend	Length of project
Transport and road infrastructure	£31m	Annual programme based on Department of Transport grant funding
City Hall	£31m	Expected completion 2016
Metro Bus	£58m	Expected completion 2017
Temple Quarter	£20m	Expected completion 2018
Bristol Arena	£90m	Expected completion 2018

The Housing Revenue Account

The Housing Revenue Accounts (HRA) is a ring fenced landlords' accounts for the managing the Council's housing stock. Rents charged are set by central government and, by law, expenditure must not exceed rent income collected over the longer term. The Council has both short and long-term business plans in place which are aimed at ensuring that:

- Empty properties (voids) are kept to a minimum
- Homes are allocated on an ethical basis to those most in need
- Existing dwellings are maintained to a safe and comfortable standard
- Housing estates are a pleasant environment and a safe place to live
- Affordable new homes are built every year
- Expenditure is matched to income over the course of each year.

During 2015/16, the HRA reported an operating surplus of £9.8m and has an accumulated surplus of £63m which will be used prudently over time to invest in new housing as well as the existing stock.

Treasury Management

The Council is required to operate a balanced budget, which basically means that cash raised or collected during the year must match cash expenditure. Part of the work of the treasury management team is to achieve this balance whilst at the same time making sure that enough cash is available to pay bills when it is needed. Surplus monies are invested in low risk, short term investments, aimed at providing security and ready access to funds rather than high rates of return. Other aspects of treasury management are:

- funding the Council's capital plans. This might involve arranging long or short term loans, or deploying internal resources such as accumulated balances or cash flow surpluses
- restructuring or making early repayment of debt where it is cost effective to do so; and
- making adequate set aside for repayment of long term debt.

The Council sets itself a number of key financial indicators which are monitored throughout the year:

	Council target 2015/16	**Position at year end**
Authorised limit for external debt – the total amount , from any source, that the Council can borrow or owe	Approved limit £810m	Borrowing remains well within this limit
Borrowing as a % of net spend	10.3% for General Fund 8.9% for HRA	Achieved in 2015/16
Adequate provision should be made for repayment of long term debt	Match provision with expected life of assets purchased.	Confirmed in 2015/16 by independent review

At 31 3 2016 cash holdings and short term investments totalled £142m compared to £170m at 31 3 2015. The Council has used available cash balances rather than borrowing to finance capital investment this year. At 31 3 2016 the Council had the following significant financial obligations:

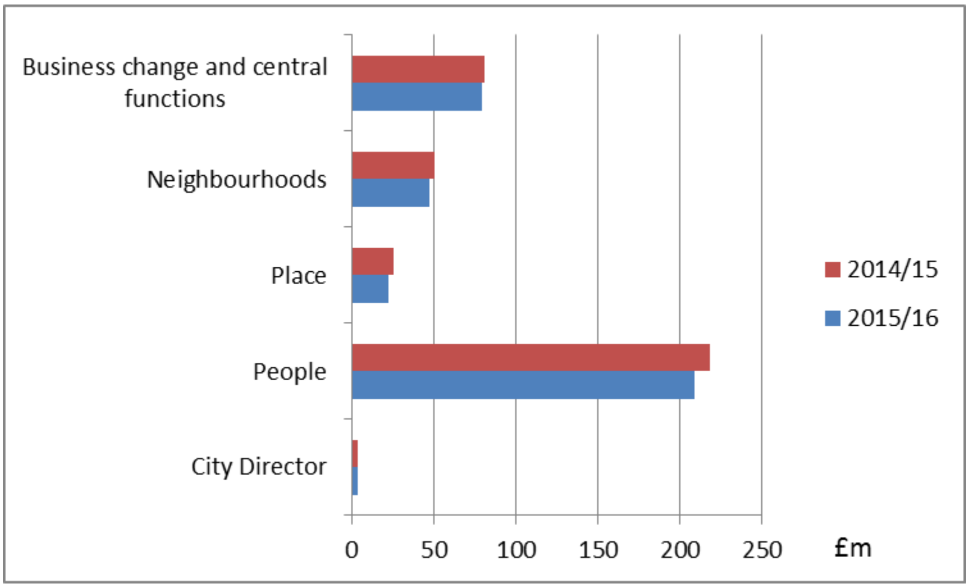
- Outstanding capital payments under service concession contracts £152m
- Borrowing of £421m, comprising £295m of Public Works Loan Board (PWLB) debt, £123m of money market debt and £3m of other. Total borrowing includes £47m of debt managed on behalf of neighbouring local authorities in relation to the former Avon County Council. The Council's overall average borrowing rate is 4.9%

Other than taking out new loans to finance capital investment, no new credit arrangements were entered into during 2015/16, nor are any planned for 2016/17. The Council's current strategy, given the low returns available for short term investments, is to use investment balances, reserves and rental income where possible to fund capital investment rather than borrowing at current market rates.

Financial performance 2015/16

Revenue budget

For 2015/16 the Council's net revenue budget was set at £360.1m. An additional £0.8m was awarded as a result of the final Government Settlement increasing the General Fund budget to £360.9m, a reduction of £17m on the previous year. Allocations to spending departments are shown below:



Actual outturn for the year has been in line with budgets, at £360.9m. Net overspends of £10m on services were compensated for by finance cost savings arising from the profiling of capital investment, and continued low interest rates, pay and price inflation. Savings of £34m have been delivered.

Throughout 2015/16 there have been continued and significant demands on placement budgets across both children's and adult's services, in particular the number of out of authority placements, special guardianship orders and residency orders for children at risk.

Net asset position and reserves

In spite of current financial challenges, the Council continues to maintain a strong balance sheet position:

	At 31 3 2016 £m	At 31 3 2015 £m
Non –current assets – these include: • Council dwellings • Other buildings and equipment used to deliver council services • Assets being held to generate a rental income • Investments in joint ventures and subsidiaries	2177	2007
Net current assets – debtors , stock and cash less short term creditors and liabilities	65	92
Pensions Liabilities	(693)	(705)
Long term borrowing	(414)	(414)
Other long term liabilities and provisions	(231)	(243)
Net assets	**904**	**737**

Operational assets include:

• City Hall	• 27 libraries
• 12 sports and leisure centres	• 7 museums and art galleries
• 26 parks and open spaces	• 54 schools
• 28 supported housing schemes	• Road networks and infrastructure
• Art and archaeology collections	• Rare books

The balance sheet includes £693m for pension liabilities. Accounting standards require employing bodies to account for their own share of pension fund assets and liabilities, and to account for the liabilities as they are earned rather than when the employee receives their pension. The year- end liability therefore represents the difference between:

- the estimated future values of pension entitlements earned to date (liabilities) and
- the Council's share of assets held by the pension fund (assets).

The Council's most significant provisions and write offs relate to NNDR rating appeals. Following Business Rates localism, introduced in 2013, a provision of £7m has been set aside to cover successful appeals against rating valuations.

Capital investment

Capital expenditure, at £193.4m, was 17% below initial spending plans. Legal, contractual and technical problems, almost inevitable with such large, complex projects such as the City Hall refurbishment, Temple Quarter and the Arena development, led to some delays but the planned investment is now expected to take place in 2016/17. The

Council has reduced its need to borrow for capital purposes by opting to use capital receipts and reserves.

The Council has also made a £6.5m investment in Bristol Energy, an exciting new initiative to offer ethical, low cost energy to local people and businesses. The company commenced trading in February 2016 and already has over 2000 customers with up to 97,000 forecast by 2017.

Reserves and working balances

Local authorities hold both reserves which are usable, and unusable reserves which must be set aside by law. Useable reserves consist of the following:

	At 31 March 2016	At 31 March 2015
Available to fund capital investment (1)	£41m	£31m
Balances held on behalf of schools (2)	£14m	£39m
HRA balances (2)	£63m	£61m
General fund working balances (3)	£20m	£20m
Earmarked reserves (4)	£106m	£96m

(1) These balances represent a combination of:

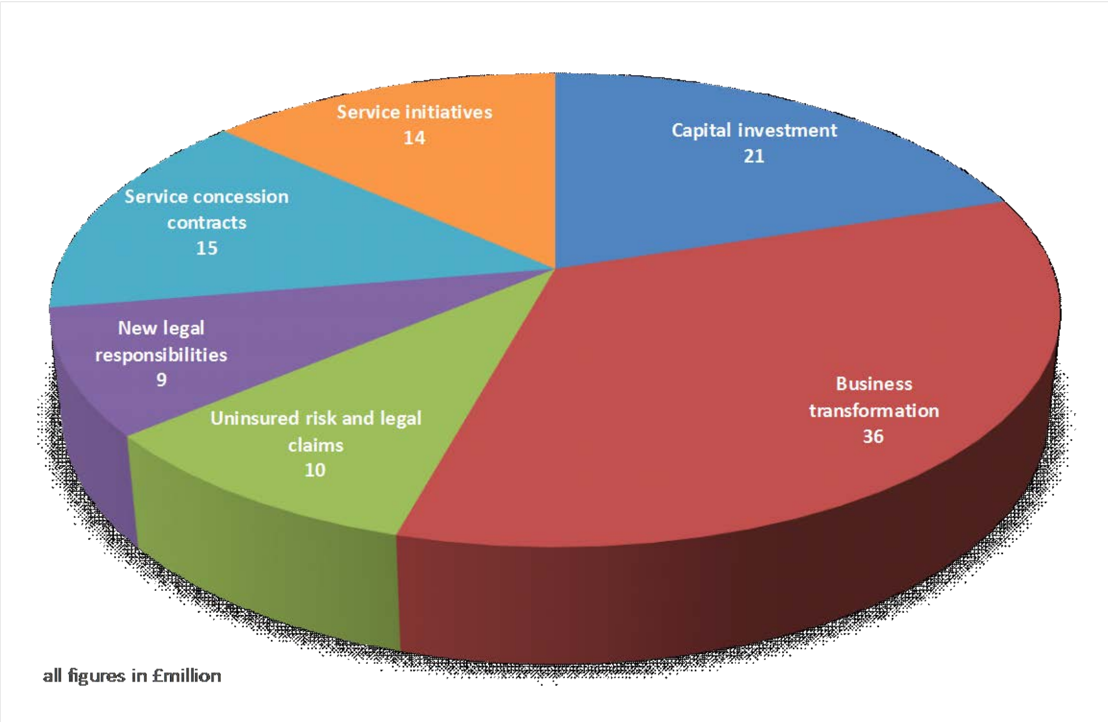
- capital grants received but not yet applied;
- monies set aside from council house rental income to improve the housing stock; and
- capital receipts from sales of property, land and buildings.

The Government's "Right to Buy" policy generated £10m of sales income in 2015/16 (£12m in 2014/15). Other disposals of land and buildings during the year totalled £9m (£7m in 2014/15).

(2) These are ring fenced balances which must be held separately by law.

(3) Successfully making efficiency savings has increased year end working balances from £8m to £20m since 2013 and the Council's aim is to keep working balances at least at 5% of net spending to cover contingencies.

(4) Local authorities are unique organisations in that they are able to "earmark" balances ie formally set sums of money aside to support future projects or meet possible liabilities. The Council's principal earmarked reserves are:



Earmarked reserves represent a valuable resource for the Council so procedures are in place to ensure that:

- All proposals to use earmarked balances must be approved by members
- An annual review takes place to confirm that the purpose of each reserve is still valid
- Where a reserve is no longer required, the monies will be transferred to general reserves.

The Councils management outturn reported the use of £3.2m of earmarked reserves during 2015/16, to:

- help fund the Council's investment in Bristol Energy Limited
- invest in a property fund to support homeless families
- finance "invest to save " proposals through the Change Programme
- support the new Waste Management contract in line with its agreed business plan
- contribute towards the refurbishment costs of City Hall

Managing risks and uncertainties

Risk management is key to successful financial management as well as service delivery. Bristol City Council has adopted a corporate process for identifying, assessing and managing risks.

At a strategic and operational level, increased risk tends to arise following the introduction of new legislation or major changes to local authority functions. There have been no such changes at Bristol in 2015/16 but there have been new service pressures and changes to the way that services have been delivered. Some of these are highlighted below, but we are pleased to report that all of the above risks were managed down to an acceptable level in 2015/16

Service area	Key change in 2015/16
Homelessness, housing accommodation and housing benefits	There has been increased demand for these services. The Council is working with local landlords, charities and the voluntary sector to provide more temporary accommodation, has adopted a more pro-active approach to tackling rough sleepers, and has improved the speed of processing new housing benefit claims.
Waste Collection and recycling	The contract previously outsourced was taken back in-house in August 2015. A wholly owned subsidiary of the Council has been established to operate the contract and with retendering currently planned for 2017.
Back office services	Bristol City Hall is currently undergoing an 18-month refurbishment programme to restore the exterior of the Grade II listed building whilst at the same time creating modern, fit for purpose office accommodation with improved ITC. During 2015/16 staff who usually work at City Hall have been relocated to temporary accommodation on two separate sites.

Financial risks reported in the Corporate Risk Register are considered in more detail as part of the medium term financial plan, annual budget and treasury management reports. These financial risks are reflected in the levels set for council balances, reserves and provisions.

The key financial risks that were identified and managed during 2015/16 were:

Key Financial Risks	Mitigating actions
Unexpected events or emergencies - By its very nature, this financial risk is uncertain	The Council maintains a Strategic Reserve at between 3% and 5% of its revenue budget for emergency purposes
Increasing demand for Adult Social Care as Bristol's population expands and people live longer.	Activity indicators have been developed and reported monthly as part of budget monitoring in 2015/16
Potential overspends against budget	High risk budget areas were identified with additional monitoring and financial support targeted towards these areas All budgets were reviewed in detail at quarters 2 and 3 to ensure year end forecast was accurate
Delayed capital investment through non availability of capital receipts	Potential new capital receipts have been identified from corporate property review. Capital receipts received are monitored quarterly
Non delivery of financial savings	Substantial savings have been identified and plans have been developed and monitored to ensure delivery. Project delivery costs are also rigorously monitored and managed

Key risks identified in respect of future changes and challenges are as set out below, and strategies are being developed to deal with them in the current year:

- Community resilience will reduce following recent and expected welfare reform changes
- Devolution proposals for the South-West will compromise local democracy
- Planned infrastructure investment will not take place if grant funding is not available
- 2016 triennial valuation will increase pension liabilities

Looking ahead

The Council's approach to 2016/17 budget represents minimal change, agreeing:

- a net revenue budget (before the use of Council reserves) of £342m
- General Council Tax increases of 1.95% , along with 2% levy to fund Adult Social Care costs increased Council Tax to £1475.06 pa for Band D properties
- Savings of £28m to be delivered by 31 March 2017.

Our key target will be to deliver a balanced budget, maintain working balances at their current level and implement savings plans as agreed. Looking further ahead, significant change is under way which the Council will need to respond to:

Financial Change	Demographic change
• 75% reduction in non -specific grant funding • Expectation that Council tax will need to rise by an average of 4% pa • Further changes to business rates	• The City's overall population is expected to increase from 442,500 to over 500,000 by 2029 • Pressure on adult social care budgets as more residents achieve 80 and even 90 years of age • Up to one third of reception school children having non-white British backgrounds by 2020.

Work is therefore in hand to produce a medium term financial plan for 2017 onwards which reflect these challenges as well as:

- the aims, objectives and priorities of Bristol's newly elected mayor
- devolution proposals - plans to delegate central government budgets for transport, education, health services and economic regeneration will commence with the creation of a combined West of England Authority and a directly elected mayor during 2017.

An introduction to the 2015/16 Statement of Accounts

The Statement of Accounts which follows set out in more detail the Council's income and expenditure for the year, and its financial position at 31 March 2016. The Statement also explains how statutory requirements such as financing capital expenditure and ring-fencing arrangements for the Housing Revenue Account and Collection Fund have been complied with.

The format and content of the financial statements is prescribed by the *CIPFA Code of Practice on Local Authority Accounting*, which in turn is underpinned by International Financial Reporting Standards. A Glossary of key terms can be found at the end of this publication.

Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement sets out gross costs and income received for each service area, and the bottom half deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes to Council reserves and balances over the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

The **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year -end date.

The **Cash Flow Statement** shows changes in the Council's cash balances during the year.

Supplementary Statements are:

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

The **Housing Revenue Account** - this separately identifies the Council's statutory landlord function as a provider of social housing under Part V of the 1985 Housing Acts.

The **Collection Fund** summarises the collection of council tax and business rates, and the redistribution of some of that money to the GLA and central government.

The **Notes** provide more detail about accounting policies and individual transactions. Accounting policies of particular importance are:

Accounting for schools	In accordance with the principles set out in LAAP101, the Council only includes schools as assets on the balance sheet where it both owns and controls the use of the school buildings themselves. On this basis all 50 Community schools and 3 out of 8 Foundation Trust's schools are included in the Council's balance sheet. Church schools owned by charities, the Diocese, or other religious bodies, together with the other 5 Foundation Trusts and all academy schools, are not included.
Group Accounts	The Council has determined that Group accounting is not required because the entities it controls are not material, either individually or in aggregate, in the overall context of the accounts.

Many items of account involve the use of **judgement and estimation techniques**. The most important of these are set out below:

Property Plant and Equipment	Operational property plant and equipment are valued on a 5 year rolling programme. Non -operational assets have been re-valued at 31 March 2016 using either beacon valuations, full site inspections or indexation as appropriate Council dwellings are revalued every year using a "beacon" value for each identified house type.
Depreciation rates	Depreciation charges are based on the expected useful life of assets and property, which has been assessed as follows: Council dwellings 16 – 50 years Other land and buildings 5 – 60 years Vehicles plant and equipment 3 – 8 years.
Rating appeals	The level of this provision reflects assumptions made about the number and value of successful rating appeals, based on our experience to date.
Pension liabilities	Key assumptions are made by actuaries when calculating this liability concern the time value of money (discount rates), future wage and price increases and the longevity of pensioners
Investment properties	Properties have been valued on a beacon basis for commercial units, shops and garages. Larger commercial and residential properties have been valued individually. Valuations over 12 months old have been uplifted using indexation tables based on recent sales of similar properties in the Bristol area. Best price has been assessed at the highest of existing use value or the group sale of similar adjacent assets.

Finally, we would like to take this opportunity to thank all of the staff in our central finance team, and in service departments, who have worked hard throughout the year to enable the Council to balance our budget and to prepare this Statement of Accounts within the tight timescales required.

Annabel Scholes, interim s151 Officer

Statement of Responsibilities

The Authority's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Service Director Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts by the 30th September 2016.

The Service Director Finance's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.
- The Service Director Finance has also:
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Service Director Finance

I hereby certify that this Statement of Accounts, provides a true and fair view of the financial position, financial performance and cash flows of Bristol City Council for the period ending 31 March 2016.

Annabel Scholes

Annabel Scholes
Interim Service Director Finance (Section 151 Officer)
29th September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOL CITY COUNCIL

Opinion on the Council's financial statements

We have audited the financial statements of Bristol City Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Housing Revenue Account Income and Expenditure Statement, Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Bristol City Council in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in the Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Service Director Finance and auditor

As explained more fully in the Statement of the Service Director Finance's Responsibilities, the Services Director Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Service Director Finance; and the overall presentation of the financial statements. In addition, we read the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Bristol City Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice (April 2015) requires us to report to you if:

- the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

Conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the National Audit Office in November 2015, as to whether In all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the

Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2015, we are satisfied that, in all significant respects, Bristol City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to conclude on an objection to the accounts received from a local government elector. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

BDO LLP

Greg Rubins

For and on behalf of BDO LLP, Appointed Auditor

Bristol, UK

30th September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Annual Governance Statement 15-16

1 Scope of Responsibility

1.1 Bristol City Council (the Council) has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Additionally, the Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

1.2 In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for risk management and internal control systems.

1.3 The purpose of the Annual Governance Statement (AGS) is to explain how the Council has endeavoured to deliver good governance through the arrangement in place during the period covered, and how the Council has reviewed the effectiveness of these arrangements. It also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS in accordance with proper practice in relation to internal control. The AGS covers financial year 2015/16 and the subsequent period, up to the sign off of the 2015/16 financial statements. Appendix A to the AGS sets out an action plan for further enhancements to the governance arrangements.

1.4 The AGS should be read in conjunction with the Council's Code of Corporate Governance (the Code), which was approved and adopted by the Council in January 2009 and is revised and approved annually by the Audit Committee.

1.5 The Code provides in depth details of the framework the Council has in place to meet the six core principles of effective governance, as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society Of Local Authority Chief Executives (SOLACE) guidance 'Delivering Good Governance in Local Government'. A copy of the Code is available via the above link or on the Council's website.

2 The Council's Governance Framework

2.1 The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of the Council's strategic objectives/Mayor's Priorities and to consider whether this has led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and 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.

2.3 The system of internal control encompasses the policies, processes, tasks, behaviours and other aspects of the authority that, taken together facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Council's aims and objectives.

3 The Constitution

3.1 The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable. Some of these processes are required by law, while others have been decided by the Council/Mayor. The Constitution is available to the public on the Council's website.

3.2 The Constitution is amended annually to address changes in legislation and requirements since the last review and to clarify the roles and responsibilities of the full Council, the elected Mayor, his chosen Cabinet and Council staff. It provides information on how Council decisions are made and by whom.

4 Strategic and Decision Making Governance

4.1 The following details, the strategic and decision making governance arrangements in place within the Council, many of which are specifically required by the Constitution.

4.2 The Council approved the 2015/16 Budget and the 2015/16 to 2017/18 Medium Term Financial Strategy in February 2015, as the three year financial framework set around the achievement of the Mayor's Vision for the City of Bristol, whilst at the same time ensuring the Council's resilience from the impact of the required spending cuts.

4.3 A further budget consultation took place in the six weeks from 23 November 2015 to consider any changes to the 2016/17 proposed budget; the third and final year of the three year budget framework. The Council approved the 2016/17 budget in February 2016. Indicative funding and spending plans for the period to 2019/20 were also considered. Since February 2016 there have been further budget pressures requiring significant work to identify £29m savings for 2016/17. A further projected £60m budget gap between April 2017 and March 2020 has been identified; created by a mixture of government funding reductions and increasing demands for services. *(See item 1 in Appendix A.)*

4.4 In 2015/16 the Mayor's Vision/aims for the City of Bristol remained as follows:

- Healthy and Caring Bristol
- Keeping Bristol Working & Learning
- Keeping Bristol Moving
- Empowered City
- Building Successful Places
- Global Green Capital
- Vibrant Bristol
- Active Citizens

4.5 Achievement of the Mayor's Vision was monitored through a series of performance indicators, mapped to each of the eight themes and reported quarterly to senior management and periodically to members through the Scrutiny committees.

4.6 The Council elections have seen a change in Mayor and in administration. The Mayor is formalising his own Mayoral objectives for 2016/20 which will be reflected in a new Corporate Plan. The Mayor has formed a cross-sector working group to assess the immediate and medium term economic and social impact of the referendum result on Bristol and prepared a co-ordinated city response. *(See item 10 in Appendix A.)*

4.7 The Cabinet (or Executive) is made up of the Mayor and Executive Members, known as Assistant Mayors. The makeup of the Cabinet is decided by the Mayor. The Mayor's policy has been to invite councillors from across parties who are represented on the Council into his Cabinet. The 2015/16 Cabinet had three Assistant Mayors, a Deputy Mayor and the Mayor. The 2016/17 Cabinet comprises eight Assistant Mayors, a Deputy Mayor and the Mayor.

4.8 In 2015/16 the Mayor took all key decisions in consultation with Cabinet on the basis of reports from officers and/or where appropriate in consultation with one of the Council's strategic Boards; namely the Bristol Property Board, the Health & Wellbeing Board or Learning City Partnership. The new Mayor is reviewing the Council's decision making processes. The Mayor's Forward Plan of key decisions to be taken over the next four months is published on the Council's website.

4.9 Cabinet meetings where key decisions are made by the Mayor are open to the public and available via web cast through the Council's website. All reports are considered for legal, financial, ecology, equality and risk issues before submission to Members.

4.10 The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. All committees have clear terms of reference and work programmes which set out their roles and responsibilities. These committees include:

- Overview and Scrutiny Management Board, together with four Scrutiny Commissions, each of which oversee the four directorates within the Council;

- Audit Committee, to advise on the effectiveness of governance, management and internal control arrangements;

- Regulatory Committees such as:
    - Planning
    - Public Safety & Protection
    - Public Rights of Way and Greens;

- Statutory Committees – Licensing;

- Other Committees such as:
    - Human Resources
    - Police & Crime Panel
    - Selection Committee
    - Appeals Committee
    - Neighbourhood Partnerships
    - West of England Joint Boards.

4.11 There is a Strategic Leadership Team (SLT) made up of the City Director and Strategic Directors that meets each week to discuss matters which are of strategic and operational importance to the Council. Interim appointments to the City Director and Director of Business Change posts were made in July 2016 following the departure of those in post in 2015/16. SLT is supported by an Extended Leadership Team which includes Service Directors. A number of senior posts are vacant and filled by interim appointments. (See item 4 in Appendix A.)

4.12 An Executive Board consisting of SLT, the Mayor and Cabinet Members meets regularly to discuss strategic issues, performance reports and matters arising, thereby ensuring good communication and cohesive vision.

4.13 A comprehensive decision pathway is in place within the Council in order to enhance transparent and efficient decision making throughout the Council's operations.

4.14 In 2015/16 the Council entered into discussions with three neighbouring councils and the West of England Local Enterprise Partnership (LEP) to reach agreement seeking to devolve significant powers, funding and responsibilities to the region. In June 2016 the Council, along with Bath & North East Somerset and South Gloucestershire Councils, voted to move forward with the devolution deal for the West of England. This would see the creation of a West of England Mayoral Combined Authority to manage the new funding and powers being handed down from Government. It would be chaired by a publicly-elected West of England Mayor, working alongside the Leaders and Mayor of the three councils. (See item 7 in Appendix A).

4.15 The deal would represent a major change, bringing decisions on transport, investment, funding, skills training, business support, housing and strategic planning to the West of England and away from central government. There are significant implications for the Council's governance framework. (See item 7 in Appendix A.)

4.16 The Council delivered the four year cycle of elections for Mayor, all Councillors and the Police and Crime Commissioner which fell due in May 2016. The Council also administered the EU referendum in June 2016. No further Council elections are due until 2020; although an election for a West of England Mayor will be held in May 2017 if the devolution deal is delivered. The size and role of the electoral team going forward is under review. (See item 6 in Appendix A).

5. Operational Governance

5.1 The following details the operational governance arrangements in place within the Council, some of which are specifically required by the Constitution.

5.2 The Council has a Mayor's scheme of delegation in place within the Constitution which is available on the Council's web site. The Constitution is updated to reflect any revised governance arrangements.

5.3 To support the achievement of the Mayor's Vision and aims for Bristol, the Council engages with the local community through 14 neighbourhood partnerships which provide an opportunity for local communities to have a greater say in the way services and local issues are managed by the Council and its partner agencies.

5.4 The Council is also involved in a number of other partnerships many of which are strategic partnerships which are governed by its Constitution, however for partnerships which are not strategic there remains a need for governance and control in order to ensure the Council is achieving synergy between its partners in fulfilling the Mayor's vision for Bristol. Work on mapping and reviewing these partnerships to ensure resources are properly focused and appropriate governance arrangements are in place continued in 2015/16 and is still ongoing. *(See item 2 in Appendix A.)* The Council has worked closely with two neighbouring Councils to deliver the MetroBus project; a new express bus service for the West of England region. *(See item 8 in Appendix A.)*

5.5 The Council has diversified into wholly owned trading companies in Energy and Waste. The aim of these companies is to provide cost effective and efficient services to the citizens of Bristol, whilst at the same time making good use of the opportunities available to enterprises of this kind to further benefit the City of Bristol and its inhabitants.

5.6 The governance arrangements within these companies and with regard to their relationship to the Council have been carefully considered. A holding company has been established to oversee the operation of the trading companies and a code of practice is in place to formalise the governance framework within which the companies will operate. *(See item 5 in Appendix A.)*

5.7 The Council's Change Programme, which was instigated to ensure the resilience of Council services whilst absorbing the impact of the imposed austerity measures, continued throughout 2015/16. An internal audit review of the governance framework within financial realisation and benefit programme found acceptable levels of control. However, the application of the governance framework was not robust and as such the full projected savings were not achieved. As a consequence an independent review has been commissioned to establish why the savings were not realised. Additionally, revised arrangements are being put in place for 2016/17 to address the identified £29m gap in the 2016/17 budget. *(See item 4 and 11 in Appendix A.)*

5.8 The implementation of a new finance system in 2014/15 had a positive impact on the resolution of many of the issues which were identified previously with regard to financial governance and control. However, there was slippage in 2015/16 in implementing further improvements to the control environment, such as the introduction of a Human Resources/Payroll module to the system. *(See item 1 in Appendix A.)*

5.9 Policies and procedures are in place to ensure that expenditure is incurred lawfully and that best value is obtained. Pay and non-pay panels are in place to monitor that expenditure incurred by the Council is necessary and provides value for money. A new e-tendering system was introduced in 2015/16 to further develop supplier relationships. The Council's Procurement and Commissioning Service is being restructured and a model for strategic relationship contract management developed. Policies, strategies and procedures were aligned to the Mayoral Vision in 2015/16, and where appropriate to specific directorates where they have responsibility for those documents. Financial Regulations for the Council's maintained schools have been updated; however the update of Financial Regulations for the Council remains in progress. *(See items 1& 3 in Appendix A.)* There have been some public concerns over the control and treatment of Council assets. *(See item 9 in Appendix A.)*

5.10 The Council has processes and policies in place to ensure that all information collected, processed and used by the Council is held safely and securely. The Information Security Policy will be reviewed later in 2016 to include the HMG Cloud Security Principles. Breaches in information security are monitored by the dedicated Senior Information Risk Owner (SIRO) who reports quarterly to SLT. The Council has been subject to significant and sustained 'phishing' attacks but has responded robustly.

5.11 Members' and officers' behaviour is governed by Codes of Conduct which include the requirement for a Declaration of Interest to be completed by all Members annually, by all new staff, senior staff, those working in sensitive areas and biennially by other staff. Induction processes for new members in 2016/17 have emphasised the importance of these arrangements.

5.12 The Council aspires to a free and open culture and is committed to high standards of honesty. The Council will not tolerate any form of malpractice and recognises that employees have an important part to play in reporting any concerns. The Council has a Whistleblowing Policy which encourages and enables employees to raise concerns internally within the Council, rather than overlooking the problem or raising the concern outside.

5.13 The Council adopts a zero tolerance approach to fraud and corruption within its services. The following policies and procedures are in place to ensure all appropriate measures are taken to prevent, detect and investigate suspected fraud/irregularities.

- Anti-Fraud, Corruption and Bribery Strategy/Policy (updated in 2015/16);
- Whistle Blowing policy;
- Anti-Money Laundering policy;
- Gifts and Hospitality policy and register;
- Pecuniary Interest policy and register;
- Code of Conduct for Members and Employees including ethical behaviour;
- Information Security policy.

5.14 Additionally, the Council has a dedicated Corporate Investigations Team within its internal audit function. Having implemented all of the above the Council is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

5.15 The Council implemented a redesigned online Performance Management and Development Scheme in 2015/16 which manages performance and development needs for each member of staff. The new process ensures that individual performance measures and targets are clearly aligned to roles and the Council's priorities. (*See item 4 in Appendix A.*)

5.16 The Council recognises the value of well trained and competent people in effective service delivery, and as such aims to ensure that Members and staff within the Council have the skills, knowledge and capacity they need to discharge their duties and responsibilities. All new Council Members were provided with a comprehensive Member Induction programme on taking up their council responsibilities in 2016.

5.17 The Monitoring Officer has responsibility for maintaining the Constitution, ensuring lawfulness and fairness of decision making, providing legal advice and conducting investigations. The Monitoring Officer leads the legal department who ensure legal compliance by the Council in its activities; any concerns are raised with senior management for resolution. The Monitoring Officer was an acting-up appointment during 2015/16 and remains so.

5.18 In compliance with the 'Delivering Good Governance in Local Government: Framework', the Council's financial management arrangements generally conform with the requirements of the CIPFA 'Statement of the Role of the Chief Financial Officer and Head of Internal Audit in Local Government' (2010). More detailed compliance information is provided below:

- The Service Director: Finance and the Head of Legal Services although not members of SLT have an open invitation to attend when necessary and receive all papers. Both have a direct reporting line to the City Director in relation to governance issues. Both also attend Cabinet briefings;

- The Council’s seven statutory officers meet regularly to discuss matters arising that are relevant to their statutory role. Meeting attendees are:

    - Head of Paid Service
    - S151 Officer
    - Monitoring Officer
    - Director of Public Health
    - Director of Children’s and Adult Services
    - Statutory Scrutiny Officer
    - The Senior Information Risk Owner (SIRO);

- The Service Director: Finance is the Council's Chief Financial Officer and s151 Officer. The s151 Officer was an interim appointment in January 2016; the previous post-holder having left in December 2015. A further interim appointment was made in July 2016. All incumbents have been professionally qualified accountants. Although the Service Director: Finance is not a Strategic Director the post-holder is the Council's financial lead and as such is fully involved in all material business decisions and planning processes, and contributes to all key decision reports to SLT and Cabinet. *(See item 1 in Appendix A.);*

- The Chief Internal Auditors (job share) are senior managers within the Council with regular engagement with the Audit Committee. They have an operational reporting line to the Service Director: Finance and a functional reporting line to the Audit Committee. They are also able to report to SLT, the City Director, and the Mayor and to other Directors as required. The Chief Internal Auditor has a regular slot at the Statutory Officer meetings to raise and discuss matters of control, risk and governance as appropriate;

- The Chief Internal Auditors are both qualified accountants with considerable local authority internal audit experience and they provide an Internal Audit Service which is professional, proficient and adequately resourced (as concluded by the Audit Committee in their Annual Report for 2015/16). The service capacity and resources are continually under review to ensure that they are fit for purpose.

6. Assurance Mechanisms

6.1 The following assurance mechanisms are built into the governance framework to ensure that the framework is operating as required.

6.2 The decision-making process is perused by a scrutiny function which holds the Mayor to account and undertakes some pre-decision and policy development work. The Overview and Scrutiny Management Board oversees an annual work programme for four Scrutiny Commissions which mirror the Council’s four business directorates. The Business Change Scrutiny Commission is responsible for maintaining an overview of service and financial performance, efficiency and effectiveness.

6.3 The Council has an Audit Committee comprising elected and independent Members that reports directly to full Council in line with best practice. The Audit Committee meets throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework, the internal control environment, and any issues relating to the conduct of Members. The Committee met seven times in 2015/16, receiving regular reports on risk management, treasury management, internal control and governance matters.

6.4 The Council has a complaints procedure and where appropriate obtains feedback from service users to ensure an acceptable quality of service is provided. A new online customer relation system was launched in 2015/16. Although the number of complaints received has increased there has been a significant improvement in the time taken to respond.

6.5 SLT is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. They are also responsible for initiating corrective action in relation to risk and internal control issues.

6.6 The Corporate Risk Register (CRR) has been reviewed over the past year by SLT and ELT in order to ensure it is focussed on the highest risks to the Council upon which it can have a positive impact. Additionally, a watching brief is maintained on other high risk areas which cannot be fully mitigated by the Council alone. Directorate risk registers have been in place and operated utilising the same approach. The risk management policy was reviewed and updated in 2015/16 and further developments are planned in 2016/17. The CRR will continue to be reviewed by the Audit Committee on a six monthly basis, with the directorate risk registers to be considered/challenged quarterly by the appropriate Scrutiny Committee and annually by the Audit Committee.

6.7 An Internal Audit Service is in place which provides an independent and objective assurance service to senior management, the Council as a whole and specifically the Audit Committee. They complete a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. In respect of 2015/16, the Chief Internal Auditors provided 'reasonable assurance that the overall adequacy and effectiveness of internal control, risk and governance framework during the period 1st April 2015 to 31st March 2016 was acceptable with an overall amber level of risk to the Council'.

6.8 In addition, the Internal Audit Service undertakes fraud/irregularity investigation and proactive fraud detection work, which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the appropriate Cabinet Member and the Audit Committee.

6.9 An External Audit function is in place which reports to senior management and the Audit Committee regarding Value for Money, governance issues and the final accounts including the Annual Audit Letter. A new external auditor, BDO LLP, was appointed for 2015/16.

7 Review of Effectiveness

7.1 The Council annually reviews the effectiveness of its governance framework, as detailed in (the Code) including the system of internal control. The review of effectiveness is informed by managers within the Council, who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.

7.2 In addition to the in-year assurance mechanisms detailed above, the following year- end reviews of the governance arrangements and the control environment were undertaken:

- Assurance was obtained from discussion with senior officers who had responsibility for the control framework in place during the year. Any areas where control weaknesses had resulted in significant issues arising for the Directorate are reflected in this Statement and Appendix A, together with their comments. The final Statement itself was considered by SLT on 6th September 2016 and the Audit Committee on 23rd September 2016 and is supported by them as an accurate reflection of the governance arrangements in place for the year;

- Obtaining assurances from senior and statutory officers, including the S151 Officer and Monitoring Officer, that internal control and corporate governance arrangements in key areas were in place throughout the year;

- Reviewing external inspection reports received by the Council during the year, the opinion of the Chief Internal Auditors in their annual report to management and the audit committee and an evaluation of management information in key areas to identify any indications that the control environment may not be sound;

- Consulting the Audit Committee regarding any potential issues they felt could indicate a problem with the control environment as a result of their work during the year.

8 Significant Governance Issues:

8.1 The review process has highlighted a number of significant issues from 2014/15 which have now been resolved, together with a number of issues for which, whilst progress has been made, further work is required to achieve full resolution.

8.2 However, a significant post year-end governance issue has arisen with regard to the Change Programme, in that there was an inability to deliver the projected savings and as such governance weaknesses are therefore apparent. Additionally, the Financial Governance issue continues to be of concern with the risk increasing.

8.3 Further in-year and post year end issues have been identified, and actions for resolution have been put in place.

8.4 The Action Plan at Appendix A to this statement provides details of each issue and the actions, proposed, in progress and/or concluded at the time of writing this statement.

9 Certification

9.1 To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year, with the exception of those areas identified in Appendix A. We propose over the coming year to take steps to address the matters arising to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness, and will monitor their implementation and operation as part of our next annual review.

Elected Mayor:	Marvin Rees	*Marvin Rees*	Date: 29/09/16
Head of Paid Service:	Stephen Hughes	*Stephen Hughes*	Date: 27/09/16

Appendix A to the Annual Governance Statement can be found by following the link below:

https://www.bristol.gov.uk/documents/20182/33624/AGS+and+Action+Plan+15-16.pdf/a2c4b965-bb7e-40df-9ac6-c6304e98e814

Movement in Reserves Statement for the year ended 31 March 2016

	Note	General Fund Balance	Restated Earmarked Reserves	School Reserves	Housing Revenue Account	Housing Revenue Account Earmark Reserves	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Restated Unusable Reserves (Note 31)	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014 Carried Forward		20,000	64,021	40,727	45,322	4,286	22,863	5,316	1,231	203,766	579,476	783,242
Movement in Reserves during 2014/15												
Surplus/(Deficit) on the provision of services		(7,879)	-	-	68,636	-	-	-	-	60,757	-	60,757
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	(106,532)	(106,532)
Total Comprehensive Expenditure and Income		**(7,879)**	**-**	**-**	**68,636**	**-**	**-**	**-**	**-**	**60,757**	**(106,532)**	**(45,775)**
Adjustments between accounting basis and funding basis under regulations	Note 17	38,442			(64,162)		5,101	1,734	1,779	(17,106)	17,106	-
Net Increase/Decrease before Transfers to Earmarked Reserves		**30,563**	**-**	**-**	**4,474**	**-**	**5,101**	**1,734**	**1,779**	**43,651**	**(89,426)**	**(45,775)**
Transfers to/from Earmarked Reserves	Note 18	(30,563)	31,830	(1,267)	(10,194)	10,194	-	-	-	-	-	-
Increase/Decrease in 2014/15		**-**	**31,830**	**(1,267)**	**(5,720)**	**10,194**	**5,101**	**1,734**	**1,779**	**43,651**	**(89,426)**	**(45,775)**
Balance at 31 March 2015 Carried Forward		20,000	95,851	39,460	39,602	14,480	27,964	7,050	3,010	247,417	490,050	737,467
Movement in Reserves during 2015/16												
Surplus/(Deficit) on the provision of services		(7,813)	-	-	44,034	-	-	-	-	36,221	-	36,221
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	130,081	130,081
Total Comprehensive Expenditure and Income		**(7,813)**	**-**	**-**	**44,034**	**-**	**-**	**-**	**-**	**36,221**	**130,081**	**166,302**
Adjustments between accounting basis and funding basis under regulations	Note 17	(7,917)	-	-	(36,362)	-	11,834	(5,228)	(1,778)	(39,451)	39,451	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(15,730)**	**-**	**-**	**7,672**	**-**	**11,834**	**(5,228)**	**(1,778)**	**(3,230)**	**169,532**	**166,302**
Transfers to/(from) Earmarked Reserves	Note18	15,730	10,127	(25,857)	2,163	(2,163)	-	-	-	-	-	-
Increase/(Decrease) in 2015/16		**-**	**10,127**	**(25,857)**	**9,835**	**(2,163)**	**11,834**	**(5,228)**	**(1,778)**	**(3,230)**	**169,532**	**166,032**
Balance at 31 March 2016 Carried Forward		**20,000**	**105,978**	**13,603**	**49,437**	**12,317**	**39,798**	**1,822**	**1,232**	**244,187**	**659,582**	**903,769**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

2014/15 Gross Exp	2014/15 Gross Income	2014/15 Net Exp		2015/16 Gross Exp	2015/16 Gross Income	2015/16 Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
22,496	(10,766)	11,730	Central services to the public	23,708	(11,009)	12,699
62,257	(14,366)	47,891	Cultural and related services	56,178	(14,156)	42,022
42,326	(16,490)	25,836	Environmental and regulatory services	52,400	(29,596)	22,804
19,248	(10,893)	8,355	Planning services	23,648	(11,470)	12,178
322,500	(250,578)	71,922	Children's and educational services	369,577	(245,228)	124,349
62,719	(33,079)	29,640	Highways and transport services	62,909	(40,509)	22,400
49,994	(120,968)	(70,974)	Local authority housing (HRA)	80,449	(123,969)	(43,520)
219,100	(198,516)	20,584	Other Housing Services	217,818	(190,624)	27,194
182,027	(42,734)	139,293	Adult social care	189,935	(47,364)	142,571
30,452	(32,371)	(1,919)	Public Health	31,996	(31,680)	316
21,291	(6,958)	14,333	Corporate and democratic core	24,107	(8,856)	15,251
1,191	(10)	1,181	Non distributed costs	3,205	(42)	3,163
1,035,601	**(737,729)**	**297,872**	**Cost of services**	**1,135,930**	**(754,503)**	**381,427**
		41,592	Other operating expenditure (Note 7)			3,619
		39,479	Financing and investment income and expenditure (Note 8)			2,004
		(439,700)	Taxation and non-specific grant income (Note 9)			(423,271)
		(60,757)	**(Surplus) on provision of services**			**(36,221)**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services			
		(59,629)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(61,566)
		166,161	Remeasurement of the net defined benefit liability\asset			(51,846)
		106,532				**(113,412)**
			Items that may be reclassified to the (Surplus) or Deficit on the Provision on Services			
		-	Surplus\deficit on revaluation of available for sale financial assets			(16,669)
		106,532	Other comprehensive income and expenditure (Note 31)			(130,081)
		45,775	**Total comprehensive income and expenditure**			**(166,302)**

Balance Sheet as at 31 March 2016

31 March 2015 Restated £'000		Note	31 March 2016 £'000
776,266	Property, plant and equipment	19	844,892
866,041	Council dwellings	19	893,392
98,705	Heritage assets	20	100,458
5,531	Intangible assets		9,319
199,067	Investment properties	21	240,328
2,502	Long-term investments	22	26,277
59,225	Long-term debtors	27	62,754
2,007,337	**Long-term assets**		**2,177,420**
100,614	Short-term investments	22	118,668
1,175	Inventories		1,282
98,262	Short-term debtors	27	107,639
69,806	Cash and Cash Equivalents	28	23,246
366	Assets held for sale		-
270,223	**Current assets**		**250,835**
(4,966)	Short-term borrowing	22	(7,004)
(128,980)	Short-term creditors	29	(130,212)
(5,884)	Provisions	30	(5,438)
(38,091)	Capital grants received in advance	16	(42,977)
(177,921)	**Current liabilities**		**(185,631)**
(414,292)	Long-term borrowing	22	(414,289)
(11,488)	Provisions	30	(8,387)
(919,235)	Other long-term liabilities	29	(902,207)
(17,157)	Capital grants received in advance	16	(13,972)
(1,362,172)	**Long-term liabilities**		**(1,338,855)**
737,467	**Net assets**		**903,769**
247,417	Usable reserves	18	244,187
490,050	Unusable reserves	31	659,582
737,467	**Total reserves**		**903,769**

2014/15 £'000		Note	2015/16 £'000
60,757	Net surplus on the provision of services		36,221
71,595	Adjustment to net surplus on the provision of services for non-cash movements	33	75,584
(78,441)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	33	(91,815)
53,911	Net cash flows from Operating Activities		19,990
(50,160)	Investing Activities	34	(78,934)
(1,703)	Financing Activities	35	12,384
2,048	Net increase (decrease) in Cash and Cash Equivalents		(46,560)
67,758	Cash and Cash Equivalents at the beginning of the reporting period	28	69,806
69,806	**Cash and Cash Equivalents at the end of the reporting period**		**23,246**

1 Accounting Policies

i General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the CIPFA Service Reporting Code of Practice (SeRCOP) for Local Authorities 2015/16, supported by International Financial Reporting Standards (IFRS).

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

ii 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:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue and expenditure have 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents

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

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

iv Charges to Revenue for Non-Current Assets

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

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

V Collection Fund and Local Taxation

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

- Council Tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself; and
- Non Domestic Rates on behalf of the government, Avon Fire Authority and itself.

The Collection Fund Statement is an agent's statement which reflects the statutory obligation for billing authorities to maintain a separate Collection Fund which accounts for all local taxation collected and its re-distribution. The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's own share of the Collections Fund's accrued income for the year.

There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax are reflected in the financial statements of the bodies concerned, namely major preceptors, the billing authority and the Government.

Bristol City, Bath and North East Somerset, North Somerset and South Gloucestershire Councils participate in "City Region Deal", a Business Rates Retention Scheme introduced by the Government in April 2013. This scheme permits the participating local authorities to retain 100% of the growth in business rates collected across designated Enterprise Areas, this income is then used to fund approved economic development programmes. The Council applies the principals of International Public Sector Accounting Standard 23: Revenue from non-exchange transactions in accounting for the transactions and balances relating to City Region Deal.

vi Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. 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 pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

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

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

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. Within the Comprehensive Income and Expenditure Statement the Children's and Education Services, and Public Health lines respectively are charged with the employer's contributions payable to Teachers' Pensions and NHS Pensions in the year.

The Local Government Pension Scheme

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

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

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

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

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

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the 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 and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.
- Contributions paid to the Avon Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii Events After The Reporting Period

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

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

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

viii Fair Value

The Council holds some of its assets, such as surplus property and assets held for sale, at fair value in accordance with IFRS 13 Fair Value Measurement, and the requirements of the Code. Fair value is the highest or best price that can be obtained in the principal or most advantageous market, in an orderly transaction between knowledgeable participants acting in their economic best interest at the measurement date. When measuring fair value the characteristics of the asset or liability are taken into account such as the location or any restrictions on use. The Council uses appropriate valuation techniques for each asset, maximising the use of relevant known data and minimising the use of estimates or unknowns Valuation techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices that are observable for the asset, either directly or indirectly (for example an independent valuation based on the prices of similar but not identical assets)

- Level 3 inputs – unobservable inputs for the asset (for example a discounted cash flow estimation)

Where fair value cannot be measured reliably, the instrument is carried at cost less any impairment losses.

ix Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. These are initially measured at fair value and are carried at their amortised cost. The fair value of loans are valued at carrying value because it is not possible to derive a fair market value for the types of loans currently held by the Council. As annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument, the effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market;
- Available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

The valuation applied to fixed term cash deposits is their carrying value, as these assets cannot be sold and hence there is no market valuation.

Loans and Receivables

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

Where assets are identified as impaired because of a past event and there is a likelihood that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Available-for-Sale Assets

Available-for-sale assets 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. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure

Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – the net worth of the company valued on a going concern basis.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

x Government Grants and Contributions

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

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

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

xi Heritage Assets

The Council's Heritage Assets are predominantly on display in museum buildings and galleries in the city, held in storage or loaned out to other educational or cultural organisations. The Bristol museums and art galleries are home to millions of objects from all over the world which are held to support the primary objective of increasing the knowledge, understanding and appreciation of history and culture through the following:

- Art, Eastern art and applied art
- Archaeology, Ethnography and foreign archaeology including Egyptology and Geology
- Natural history, social history, industrial and maritime history.

These assets are all valued on a historic cost basis or an annual insurance valuation basis, except for the Antiquarian book stock which is valued by an external valuer once every five years. Last valuation September 2011 by Dominic Winter Specialist Book Auctioneers & Valuers.

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

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

xii Interests in Companies and Other Entities

The Council has interests in subsidiary, associate or jointly controlled entities but these were not material in aggregate during the financial year 2015/16, and therefore it is not required to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as available for sale assets and carried at fair value.

xiii Investment Property

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

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

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

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

xiv Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the joint ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet only its own share of the jointly controlled assets and related liabilities. In its Comprehensive Income and Expenditure Statement it recognises those expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture together with its share of any income earned from the venture.

xv Leases

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

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

The Council as Lessee

Finance Leases

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

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

To date the Council has not granted any Finance Leases.

Operating Leases

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

xvii Minimum Revenue Provision (MRP)

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

xviii Overheads And Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP) for Local Authorities 2015/16. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
-
- Non Distributed Costs - the provision of post employment unfunded benefits awarded on a discretionary basis and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xix Prior Period Adjustments

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

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

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

xx Service Concessions

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

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

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

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

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

xxi PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Capital schemes above £0.2m are subject to annual review and any expenditure incurred which has not enhanced the asset's value is charged as an expense in the financial year that it is incurred. Expenditure on capital assets totalling less than £20,000 in any single financial year is classed as de-minimis and therefore is not capitalised but charged as an expense.

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation is calculated on the following bases:

- Council dwellings - are depreciated based upon component accounting basis. In the year of disposal a full year's depreciation is charged to the accounts and nothing in the year of acquisition.
- Other buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer;
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer;
- Infrastructure, (excluding quay walls and lock gates) - straight-line allocation over 25 years.
- infrastructure, quay walls and lock gates in city docks are not depreciated as their economic life is beyond 100 years.

The Council applies component accounting to all assets with a net book value in excess of £5m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

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

Amounts received for a disposal 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 (up to a maximum ceiling). The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the HRA's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xxii Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

xxiii Reserves

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

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

xxiv Revenue Expenditure Funded from Capital under Statute

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

xxv Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

xxvi Value Added Tax

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

xxvii City Region Deal

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

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

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

2 Accounting Standards that have been Issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/16 Code.

- The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) takes effect from 1 April 2016. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. This will consist of seven components: carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

- The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to the depreciated replacement cost basis of valuation. Thus the new valuation will reflect the current cost of replacement rather than the original cost of works, which could have built up over a significant period of time.

- In addition there are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any material impact on the accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

3 Critical Judgements in Applying Accounting Policies

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

- The Council has completed a school by school assessment across the different types of school it controls within the City. Judgements have been made to determine the arrangements in place and the accounting treatment of the non-current assets.

  All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

  Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally by a religious body. Legal ownership of 10 VA schools rests with Clifton Diocese. Legal ownership of the remaining VA and VC schools rests with Bristol Diocese. We understand that the Diocese have granted a licence to the schools to use the land and buildings. Under this licence arrangement, the rights of use have not transferred to the schools and thus are not included on the Council's Balance Sheet.

  There are three Foundation Trusts in Bristol - the South East Bristol Educational Trust, the South West Bristol Co-operative Learning Trust and Trust in Learning – who own 12 schools in the City. With regard to the South West Bristol Co-operative Learning Trust, the school governing body's can exercise control over the school premise's and must consent to any development, improvement, letting or disposal of the School's property. Accordingly the land and buildings are included in Council's Balance sheet. For the remaining Foundation Trust schools, no such control exists and so these assets are not included on the Council's Balance Sheet.

  Academies are not considered to be maintained schools in the Councils control. The land and building assets are either, not owned by the Council, or let on a long term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Council participates in three pension schemes; The Local Government Pension Scheme, the Teachers' Pension Scheme and the NHS Pension Scheme – see Note 32. The schemes provide defined benefits to members. The arrangements for the Teachers' and NHS schemes, however, do not allow the liabilities to be easily identified for the Council and therefore these schemes are accounted for as defined contribution schemes, with no liability for future payment of benefits recognised in the Balance Sheet. The liability included in the Council's Balance Sheet and the adjustments made to the Comprehensive Income and Expenditure Account are based on calculations made by the Pension Fund actuary. The Balance Sheet also includes a liability in respect of the unfunded benefits paid to former teaching staff, arising from early retirement decisions made in previous years. The Council has reviewed the key assumptions used to undertake these calculations and considers them appropriate for inclusion into the financial statements.

- In May 2014, the Council made a payment of £42m to the Avon Pension Fund in respect of the 2014/15, 2015/16 and 2016/17 pension deficit. This figure was provided by the Pension fund and included a saving to the Council for making the payment early. The payment to the pension fund has been accounted for as a balance sheet entry that reduces the net defined benefit liability (as reflected in the actuaries report). In accordance with regulatory requirements, the revenue account has been charged with the amount payable for the year, as a movement in reserves in the Movement in Reserves Statement (MiRS). These accounting entries mean that the pension reserve does not equal the pension liability at the year end. This is a natural consequence of three year's payment being made but only one year being charged to the revenue account.

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

- The Council has to prepare Group Accounts where the Authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. The Council has reviewed each relationship that exists and determined that there are no material group relationships that require the production of group accounts for 2015/16.

Note 4 - ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	**Uncertainties**	**Consequence if actual results differ from assumptions**
Property, Plant and Equipment (excluding Council dwellings)	Asset valuations are based on market prices and are periodically re-valued using a 5-year rolling programme to ensure that the Council does not materially misstate its property, plant and equipment. If market prices change significantly, over time there will be a corresponding increase or reduction in the value of Council land and buildings.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. If the value of the Council's property, plant and equipment was to reduce by say 10%, this would result in a £174m charge against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement. A corresponding increase in estimated valuations would result in a combination of increases to the Revaluation Reserve and / or reversals of previous negative revaluations charged to the Comprehensive Income and Expenditure Statement. Depreciation charges for operational assets will change in direct relation to changes in their estimated useful lives. The total depreciation charge for property, plant and equipment in any given year is currently £51m. A 10% change in estimated lives would increase or decrease depreciation by £5m

	Assets are depreciated on the basis of the Council's estimate of their useful economic lives. Such estimates depend upon a combination of (1) the asset not being rendered redundant by new technology or changing service needs (2) adequate spending on repairs and maintenance.	
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied.	Variations in the key assumptions will have the following impact on the net pension liability • a 0.1% increase in the discount rate will reduce the net pension liability by £37m • a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £38m • a 0.1% increase in the assumed level of pay inflation will increase the net pension liability by £38m • an increase of one year in longevity will increase the net pension liability by £42m
Business Rates	Following the introduction on 1 April 2013 of the Business Rates Retention Scheme, Local authorities are liable for successful appeals against business rates charged since 2014/15, and for earlier years in their proportionate shares. A provision has been recognised for this potential liability based on best available information, including Valuation Office (VOA) ratings appeals lists, and an analysis of successful appeals to date.	The Council's provision for rating appeals is c£8m at the year end. Any understatement or overstatement of this liability would lead to a future adjustment charged to the Collection Fund in the year of recognition.
Fair value estimation	Asset valuations are based on either: • market prices for investment property, surplus assets and non-current assets held for sale: or • the net worth of unquoted companies in which the Council has a controlling or significant interest. If valuations change significantly there will be a corresponding increase or reduction in the Balance Sheet value of these assets.	If the value of the Council's investment property, surplus property and non-current assets held for sale, was to reduce by 10%, this would result in a £14m reduction to Property, Plant and Equipment and a corresponding reduction to Unuseable Reserves in the Balance Sheet.

Provision for doubtful debts	As at 31 March 2016, the Council had an outstanding balance on short term debtors of £152m. A provision for bad and doubtful debts totalling £44m has been made against this amount following a review of the aged debt analysis and significant individual balances at the year end, taking account of the nature of the debt and previous success in collection. .	An understatement of doubtful debts would lead to future adjustment and a corresponding impairment charged against the relevant service cost. Any significant deterioration in collection rates would lead the Council to review this calculation and increase its bad debt provision.
Service concession and finance lease liabilities	The balance sheet value of outstanding liabilities is calculated using a discounted cash flow estimate based on expected future cash flows and the implied interest rate over the term of the contract.	Service concession and finance lease liabilities total c£152m at the year end. Any refinancing or renegotiation of the contracts could affect the calculation of implied interest rates and hence the value of these outstanding liabilities.

5 Material Items of Income and Expense

For the purposes of this note the Council considers material items to be those greater than £10m.

Additional items not disclosed in other notes to the accounts are:

Expenditure

Details	**£m**
Bristol Waste Company for recycling and waste collection in Bristol	15.6
New Earth Solutions for the handling and treatment of industrial, commercial and household waste	10.4

Income

Details	**£m**
Payment from the waste contractor in respect of compensation for the cessation of the waste contract. £4m received in 2015/16 and £11m accounted for as deferred income	15

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on 23 September 2016. Events taking place after this date are not reflected in the financial statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and Notes have been audited in all material respects to reflect the impact of this information.

7 Other Operating Expenditure

	2015/16 £'000	2014/15 £'000
Precepts and levies	1,092	1,136
Payments to the Government housing capital receipts pool	2,459	1,878
Losses/(gains) on the disposal of non-current assets	68	38,578
Total	**3,619**	**41,592**

8 Financing and Investment Income and Expenditure

	2015/16 £'000	2014/15 £'000
Interest payable and similar charges	36,789	38,803
Pensions net interest cost	21,986	21,623
Interest receivable and similar income	(9,722)	(9,803)
Income and expenditure in relation to Investment Properties	(10,145)	(9,577)
Changes in fair value of Investment Properties	(36,904)	(1,567)
Total	**2,004**	**39,479**

9 Taxation and Non-Specific Grant Income

	2015/16 £'000	2014/15 £'000
Council tax income	(171,432)	(165,566)
Non-domestic rates	(93,740)	(93,280)
Revenue support grant	(81,162)	(110,472)
Non-service related government grants	(17,365)	(13,628)
Capital grants and contributions	(59,572)	(56,754)
Total	**(423,271)**	**(439,700)**

10 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of the Council's financial management arrangements (i.e. by reports analysed across directorates). These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Council's directorates is as follows:

Directorate income and expenditure 2015/16	**People**	**Business Change**	**Neighbourhoods**	**Place**	**City Director**	**Housing Revenue Account**	**Corporate Budgets**	**Total Net Cost**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fees, charges and other service income	89,349	10,435	54,489	62,286	702	125,253	2,393	**344,907**
Government grants	200,780	187,718	3,186	39,166	6,112	17	21	**437,000**
Total Income	**290,129**	**198,153**	**57,675**	**101,452**	**6,814**	**125,270**	**2,414**	**781,907**
Employee expenses	216,899	45,808	26,094	36,499	5,312	23,429	2,961	**357,002**
Other service expenses	291,220	198,494	72,684	81,978	3,625	27,203	22,364	**697,568**
Support Services Recharges	8,202	2,759	3,324	4,692	734	22,637	-	**42,348**
Total Expenditure	**516,321**	**247,061**	**102,102**	**123,169**	**9,671**	**73,269**	**25,325**	**1,096,918**
Net Expenditure	**226,192**	**48,908**	**44,427**	**21,717**	**2,857**	**(52,001)**	**22,911**	**315,011**

Directorate income and expenditure 2014/15	People	Business Change	Neighbourhoods	Place	City Director	Housing Revenue Account	Total Net Cost
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	54,858	24,358	21,771	47,679	1,727	121,310	271,703
Government grants	210,703	192,262	33,443	39,168	2,857	-	478,433
Total Income	**265,561**	**216,620**	**55,214**	**86,847**	**4,584**	**121,310**	**750,136**
Employee expenses	219,839	41,991	22,289	34,372	3,035	24,997	**346,523**
Other service expenses	262,103	173,999	60,740	56,855	6,957	45,839	**606,493**
Support Services Recharges	14,100	3,177	4,563	7,100	260	8,475	**37,675**
Total Expenditure	**496,042**	**219,167**	**87,592**	**98,327**	**10,252**	**79,311**	**990,691**
Net Expenditure	**230,481**	**2,547**	**32,378**	**11,480**	**5,668**	**(41,999)**	**240,555**

2015/16	Directorate Analysis	Amount not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	344,907	(14,421)	(11,837)	**318,649**	11,837	**330,486**
Interest and investment income	-	-	-	-	9,722	**9,722**
Income from council tax	-	-	-	-	171,432	**171,432**
Government grant	437,000	(1,142)	-	**435,858**	251,839	**687,697**
Total income	**781,907**	**(15,563)**	**(11,837)**	**754,507**	**444,830**	**1,199,337**
Employee expenses	357,002	4,441	-	**361,443**	-	**361,443**
Other service expenses	697,568	(99,389)	(1,692)	**596,487**	1,692	**598,179**
Support service recharges	42,348	45,969	-	**88,317**	-	**88,317**
Depreciation, amortisation and impairment	-	90,005	-	**90,005**	-	**90,005**
Interest payments	-	-	-	-	58,775	**58,775**
Decrease in Bad Debt Provision	-	(318)	-	**(318)**	-	**(318)**
Precepts and levies	-	-	-	-	1,092	**1,092**
Payment to Housing Capital Receipts Pool	-	-	-	-	2,459	**2,459**
Loss on disposal of non-current assets	-	-	-	-	68	**68**
Changes in fair value of investment properties	-	-	-	-	(36,904)	**(36,904)**
Total Expenditure	**1,096,918**	**40,708**	**(1,692)**	**1,135,934**	**27,182**	**1,163,116**
Deficit/(surplus) on the Provision of Services	**315,011**	**56,271**	**10,145**	**381,427**	**(417,648)**	**(36,221)**

2014/15	Directorate Analysis	Amount not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	271,703		(12,407)	**259,296**	12,407	**271,703**
Interest and investment income				-	9,803	**9,803**
Income from council tax				-	165,566	**165,566**
Government grant	478,433			**478,433**	274,134	**752,567**
Total income	**750,136**	**-**	**(12,407)**	**737,729**	**461,910**	**1,199,639**
Employee expenses	346,523	385		**346,908**		**346,908**
Other service expenses	606,493	(53,627)	(2,830)	**550,036**	2,830	**552,866**
Support service recharges	37,675	53,627		**91,302**		**91,302**
Depreciation, amortisation and impairment		44,104		**44,104**		**44,104**
Interest payments				-	60,426	**60,426**
Increase in Bad Debt Provision		3,251		**3,251**		**3,251**
Precepts and levies				-	1,136	**1,136**
Payment to Housing Capital Receipts Pool				-	1,878	**1,878**
Loss on disposal of non-current assets				-	38,578	**38,578**
Changes in fair value of investment properties				-	(1,567)	**(1,567)**
Total Expenditure	**990,691**	**47,740**	**(2,830)**	**1,035,601**	**103,281**	**1,138,882**
Deficit/(surplus) on the Provision of Services	**240,555**	**47,740**	**9,577**	**297,872**	**(358,629)**	**(60,757)**

11 Pooled Budgets

Provision of Community Equipment

The agreement between the Council and the Bristol Clinical Commissioning Group (CCG) provides for the Council to act as the lead in the commissioning of services from the approved contractor. This is to enable the integration of the supply of equipment for daily living, health equipment and associated support services in the City of Bristol.

Total spend and funding was as follows:	2015/16 £'000	2014/15 £'000
Funding provided to the pooled budget:		
Bristol CCG	**1,193**	872
Bristol City Council	**1,079**	982
Total funding into the pooled budget	**2,272**	**1,854**
Expenditure met from the pooled budget:		
Bristol CCG	1,193	872
Bristol City Council	1,079	982
Total expenditure from the pooled budget	**2,272**	**1854**
Net surplus/(deficit) arising on the pooled budget during the year	**-**	-
Bristol City Council share of surplus	**-**	-

Pooled Carers Budget

Bristol City Council and Bristol CCG have a pooled budget to provide support and services to, and improve the health and wellbeing of, people providing unpaid care and support for a family member or friend. The budget provides for an Integrated Carers team, the provision of personal budgets and short breaks for carers, and services and provision in furtherance of the Bristol Joint Carers Strategy. This pooled budget ceased at the end of 2014/15 and became part of the Better Care Fund pooled budget in 2015/16.

	2015/16 £'000	2014/15 £'000
Funding provided to the pooled budget:		
Balance Brought Forward	-	67
Bristol CCG	-	1,057
Bristol City Council	-	775
Total funding into the pooled budget	**217**	**1,899**
Expenditure met from the pooled budget:	**217**	**1,682**
Bristol CCG	-	907
Bristol City Council	-	775
Total expenditure from the pooled budget	**-**	**1,682**
Net surplus/(deficit) arising on the pooled budget during the year	**-**	**217**
Bristol City Council share of surplus	**-**	**176**

Better Care Fund

In 2015/16 the Better Care Fund was established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the National Conditions and Local Objectives. It is a requirement of the Better Care Fund that NHS Bristol Clinical Commissioning Group and Bristol City Council establish a pooled fund for this purpose, which was achieved in 2015/16 through a signed agreement under Section 75 of the National Health Service Act 2006.

Under this Section 75 agreement there are four funds totalling £26.774m and hosted by whichever body undertook the contracting arrangements.

Fund 1 is hosted by Bristol Clinical Commissioning Group and totals £7.280m. The fund includes contributions from the CCG only, which have been paid to providers contracted to support the sub schemes Reduction in Hospitals Admissions, Frail and Complex, Falls Prevention and Reablement. The CCG controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Fund 2 is hosted by Bristol City Council and totals £15.616m. The source of funding for this pot is a mixture of existing CCG expenditure streams with Bristol City Council, funding previously provided to the City Council directly by NHS England via a section 256 agreement and new funding.

The purpose of Fund 2 is to provide Integrated Rehabilitation and Reablement for which BCCG contribute £8.980m In addition to this the CCG provide funding for Long Term Care (including MH and LD) £4.1m and Carers Breaks £1.036m. The CCG also committed new funding of £1.5m to the Better Care Fund in 2015/16 to cover the cost of the Social Care Act implementation.

Fund 3 is hosted by Bristol City Council and totals £2.468m. The fund includes contributions from the City Council only, which have been paid directly to providers.

Fund 4 is hosted by NHS England and totals £1.410m. The fund includes contributions from the NHS England only, which have been paid to providers contracted to support Early and Preventative Interventions. NHS England controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

Better Care Fund	Fund 1 £'000	Fund 2 £'000	Fund 3 £'000	Fund 4 £'000	Total £'000
Funding provided to the pooled budget:`					
Bristol CCG	7,280	15,616	-	-	22,896
Bristol City Council	-	-	2,468	-	2,468
NHS England				1,410	1,410
Total funding into Pooled Budget	**7,280**	**15,616**	**2,468**	**1,410**	**26,774**
Expenditure met from Pooled Budget					
Bristol CCG	6,936	-	-	-	6,936
Bristol City Council	-	14,855	1,339	-	16,194
NHS England	-	-	-	1,410	1,410
Total expenditure from Pooled Budget	**6,936**	**14,855**	**1,339**	**1,410**	**24,540**
Net surplus/(deficit) on the pooled budget during the year	**344**	**761**	**1129**	**-**	**2234**
Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget	**-**	**331**	**1129**	**-**	**1460**

Drugs Action

The Council established a partnership agreement with the NHS Bristol, the Probation Service and other partners using powers under Section 31 of the Health Act 1999 to pool funds and create a single budget. The budget is used to commission Drug and Alcohol Treatment Services for Adults and Substance Misuse Services for Young People. Details of the contributions and expenditure in the year are set out below:

	2015/16 £'000	2014/15 £'000
Funding provided to the pooled budget:		
Balance Brought Forward	2,699	2,038
Bristol City Council	1,666	1,956
Public Health	8,566	9,045
Other Bodies	170	164
	13,101	**13,203**
Expenditure met from the pooled budget		
Drug and alcohol services for adults	10,500	10,504
Substance Misuse Services for Young People	65	-
	10,565	**10,504**
Net underspend carried forward	**2,536**	**2,699**

12 Members' Allowances

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

	2015/16 £'000	2014/15 £'000
Basic allowance	805	805
Special responsibility allowances	240	248
Travelling and subsistence allowance	3	3
Co-optees basic allowance	2	3
Total	**1,050**	1,059

In addition to the above, the elected Mayor is paid an annual allowance of £66,395.

13 Officers' Remuneration & Exit Packages

The remuneration paid to the Council's senior employees during the year was as follows:

		Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
City Director		£	£	£	£
N Yates *	**2015/16**	**176,729**	**-**	**33,600**	**210,329**
	2014/15	*180,617*	-	*31,839*	*212,456*
Strategic Directors -					
Business Change	**2015/16**	**131,576**	**-**	**27,491**	**159,067**
	2014/15	*141,453*	-	*26,051*	*167,504*
People	**2015/16**	**131,557**	**-**	**27,491**	**159,048**
	2014/15	*134,941*	-	*26,051*	*160,992*
Neighbourhoods	**2015/16**	**128,723**	**-**	**26,964**	**155,687**
	2014/15	*132,248*	**-**	*25,837*	*158,085*
Place	**2015/16**	**131,747**	-	**27,491**	**159,238**
	2014/15	*139,350*		*26,051*	*165,401*
Statutory Officers-					
Chief Financial (S151) Officer	**2015/16**	**79,038**	**30,000**	**15,873**	**124,911**
	2014/15	*71,638*	-	*14,256*	*85,894*
Head of Legal Services (Monitoring Officer)	**2015/16**	**40,131**	**-**	**8,218**	**48,349**
	2014/15	*31,507*	-	*6,270*	*37,777*

* This includes remuneration for Bristol 2015

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	2015/16 Number of employees		2014/15 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	20	50	29	60
£55,000 - £59,999	26	32	22	13
£60,000 - £64,999	24	11	20	7
£65,000 - £69,999	12	6	10	3
£70,000 - £74,999	3	4	6	4
£75,000 - £79,999	3	4	4	1
£80,000 - £84,999	3	-	1	6
£85,000 – 89,999	-	-	-	6
£90,000 - £94,999	-	13	-	2
£95,000 - £99,999	-	4	-	-
£100,000 - £104,999	-	-	-	-
£105,000 - £109,999	-	1	-	-
£110,000 - £114,999	-	-	-	1
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	-	-	1
£130,000 - £134,999	-	-	-	1
£135,000 - £139,999	-	-	-	1
£140,000 - £144,999	-	-	-	1
£145,000 - £149,999	-	-	-	-
£150,000 - £154,999	-	-	-	-
£155,000 - £159,999	-	-	-	-
£180,000 - £184,999	-	-	-	1
Totals	91	125	92	108

Exit Packages

The numbers of exit packages relating to council employees during 2015/16, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16 No.	2014/15 No.	2015/16 No.	2014/15 No.	2015/16 No.	2014/15 No.	2015/16 £'000	2014/15 £'000
£0 - £20,000	-	-	5	6	5	6	21	40
£20,001 - £40,000	-	-	2	3	2	3	55	74
£40,001 - £60,000	-	-	-	1	-	1	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**7**	**10**	**7**	**10**	**76**	**114**

14 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors 2015/16 – BDO, 2014/15 – Grant Thorton:

	2015/16 £'000	2014/15 £'000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	203	271
Fees payable to the External Auditor for the certification of grant claims and returns for the year	11	12
Fees payable in respect of other services provided by the External Auditor during the year	6	31
National Rebate for 12/13 received in 14/15	-	(65)
Total	**220**	**249**

15 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). Once allocated to a local authority an element is recouped by the EFA to fund academy schools in the council's area. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2014. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

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

2014/15 £'000					2015/16 £'000		
Central Expenditure	ISB	Total		Notes	Central Expenditure	ISB	Total
		282,946	Final DSG before academy recoupment				302,958
		(102,794)	Academy figure recouped for year	1			(136,000)
		180,152	Total DSG after academy recoupment				166,958
		27,044	Brought forward from previous year	2			23,820
		(14,843)	Carry forward agreed in advance	3			(4,438)
45,209	147,144	192,353	Agreed initial budgeted distribution		54,786	131,554	186,340
-	452	452	In year adjustments		-	-	-
45,209	**147,596**	**192,805**	**Final budgeted distribution**		**54,786**	**131,554**	**186,340**
(40,375)	-	(40,375)	Less actual central expenditure		(53,342)	-	(53,342)
-	(143,001)	(143,001)	Less actual ISB deployed to schools		-	(134,547)	(134,547)
4,834	**4,595**	**9,429**	**Carry forward**	4	**1,444**	**(2,993)**	**(1,549)**
		24,272	**Total carried forward**	5			**2,889**

1. The academy recoupment in 2014/15 comprised 41 academies open at the start of the year plus 10 schools that converted in year and 7 non-recoupment academies brought in. The academy recoupment in 2015/16 comprised 58 academies open at the start of the year plus 1 school that converted in year and 2 new academy schools.
2. The actual brought forward figure from the previous year has been represented. In 2014/15, in the note only, was an in year adjustment of £452k for the final Early Years block allocation.
3. Included in the carry forward agreed in advance are underspends in Early Years of £1.95m, reserves for Early Help proposals of £2.35m and £0.1m to be distributed to schools via the 2016/17 formula. These carry forwards have been discussed with the schools' forum.
4. Included in the carry forward is £0.34m for underspends on de-delegated budgets, which under regulations, if carried forward, must be for the same purposes in 2016/17. There is also an overspend carry forward of £1.89m on the High Needs block.
5. The total carried forward comprises the carry forward agreed in advance (note 3 above) plus the carry forward overspend (note 4 above).

16 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16:

Credited to Taxation and Non Specific Grant Income:

	2015/16 £'000	2014/15 £'000
Capital grants and contributions (see below)	59,572	56,754
Revenue support grant (Note 9)	81,162	110,472
Non service related government grants (Note 9)	17,365	13,628
Total	**158,099**	**180,854**

Capital grants and contributions

	2015/16 £'000	2014/15 £'000
Government grants applied:		
Place	47,782	16,830
People	1,505	32,436
Neighbourhoods	348	601
City Director	-	3,571
Section 106	6,739	1,537
Business Change	3,198	-
Total Government grants applied	**59,572**	**54,975**
Government grants unapplied	-	1,779
Total grants credited to the CIES	**59,572**	**56,754**

Credited to Services

	2015/16 £'000	2014/15 £'000
Arts Council England - Museums	1,847	2,127
Better Bus Area Fund	14	1,190
Bristol European Green Capital	3,711	-
Cycling Ambition Fund	3,346	1,698
Dedicated Schools Grant (Note 15)	166,958	180,152
Discretionary Housing Payments	946	1,180
Early Assessments Revenue Grant	1,031	-
Education Services Grant	4,650	4,194
EFA Other Grants	4,426	-
Future City Demonstrator	2,742	-
Housing Benefit (rent allowances/council tax benefit) subsidy	181,040	183,967
Housing Benefit Administration Subsidy	3,517	4,002
Local Sustainable Transport Fund West (LSTF)	11,471	7,941
Local Welfare Provision	-	1,870
Service Concessions Special Grant	20,057	20,057
Public Health	30,884	29,122
Pupil Premium	9,718	11,328
Troubled Families	1,261	1,338
Youth Justice Board	740	764
Miscellaneous	18,930	27,504
Total	**467,289**	**478,433**

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

	31 March 2016 £'000	31 March 2015 £'000
Capital Grants Received in Advance		
Government grants	38,319	32,372
Section 106 contributions	18,630	22,876
Total	**56,949**	**55,248**
Due < 1 year	42,977	38,091
Due > 1 year	13,972	17,157
Revenue grants (within creditors)		
People	825	1,045
Neighbourhoods	-	580
Place	4,293	9,944
Business Change	56	55
City Director	5,290	3,319
	10,464	**14,943**

17 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2015/16	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(82,983)	(7,022)	-	-	-	(90,005)
Movement in the market value of Investment Properties	34,106	2,798	-	-	-	36,904
Amortisation of Intangible Assets	(1,602)	-	-	-	-	(1,602)
Capital grants and distributions	59,572	-	-	-	-	59,572
Revenue and expenditure funded from capital under statute	(10,184)	-	-	-	-	(10,184)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(22,844)	(9,467)	-	-	-	(32,311)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	20,301	-	-	-	-	20,301
Capital expenditure charged against the General Fund and HRA balances	29,654	121	-	-	-	29,775
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	12,566	19,677	(32,243)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	17,950	-	-	17,950
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,459)	-	2,459	-	-	-
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR	-	4,662	-	(4,662)	-	-
HRA depreciation credited to MRR	-	27,189	-	(27,189)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	37,079	-	37,079
Adjustments involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Unapplied Capital Grants	-	-	-	-	1,778	1,778
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	178	484	-	-	-	662
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	(65,916)	(5,654)	-	-	-	(71,570)
Employer's pensions contributions and direct payments to pensioners payable in the year	41,676	3,574	-	-	-	45,250
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(4,835)	-	-	-	-	(4,835)
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	687	-	-	-	-	687
Other Reserve Movements						
Total Adjustment	**7,917**	**36,362**	**(11,834)**	**5,228**	**1,778**	**39,451**

2014/15	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(65,178)	22,307	-	-	-	(42,871)
Movement in the market value of Investment Properties	1,888	(321)	-	-	-	1,567
Amortisation of Intangible Assets	(1,233)	-	-	-	-	(1,233)
Capital grants and distributions	54,975	-	-	-	-	54,975
Revenue and expenditure funded from capital under statute	(2,770)	-	-	-	-	(2,770)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(52,505)	(7,763)	-	-	-	(60,268)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	16,325	-	-	-	-	16,325
Capital expenditure charged against the General Fund and HRA balances	6,101	144	-	-	-	6,245
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,392	19,295	(21,687)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	14,708	-	-	14,708
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,878)	-	1,878	-	-	-
Adjustment Involving the Major Repairs Reserve (MRR):						
Excess depreciation transferred to the MRR	-	5,294	-	(5,294)	-	-
HRA depreciation credited to MRR	-	26,333	-	(26,333)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	29,893	-	29,893
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to CIE	1,779	-	-	-	(1,779)	-
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	872	-	-	-	1,049
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	(55,623)	(8,262)	-	-	-	(63,885)
Employer's pensions contributions and direct payments to pensioners payable in the year	42,170	6,263	-	-	-	48,433
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,980	-	-	-	-	5,980
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	8,958	-	-	-	-	8,958
Other Reserve Movements						
Total Adjustment	**(38,442)**	**64,162**	**(5,101)**	**(1,734)**	**(1,779)**	**17,106**

18 Usable Reserves

Reserves represent the authority's net worth and show its spending power. Usable reserves result from the authority's activities and can be spent in the future. This note sets out the amounts set aside and posted back to Usable Reserves in 2015/16, they include:

- General Fund Strategic Reserve – to cushion the impact of unexpected events or emergencies
- Earmarked Reserves – to provide financing to meet known or predicted future General Fund expenditure plans
- School Balances/DSG – amounts required by statute to be set aside for future expenditure in schools
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans

	1 April 2014 Restated	Transfers Out	Transfers in	01-Apr-15	Transfers Out	Transfers in	31-Mar-2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund Strategic Reserve	(20,000)	-	-	**(20,000)**	**-**	**-**	**(20,000)**
General Fund Earmarked Reserves							
Capital Investment Reserve	(20,907)	402	(3,769)	**(24,274)**	**9,037**	**(6,123)**	**(21,360)**
Business Transformation Reserve	(17,491)	986	(22,350)	**(38,855)**	**2,951**	**-**	**(35,904)**
Risk Management Reserve	(7,688)	-	(2,969)	**(10,657)**	**3,110**	**(2,493)**	**(10,040)**
Statutory/Ring-fenced Reserve	(1,797)	-	(5,539)	**(7,336)**	**186**	**(2,326)**	**(9,476)**
Financing Reserve	(6,131)	2,999	(1,043)	**(4,175)**	**100**	**(11,206)**	**(15,281)**
Service Specific Reserves	(10,007)	1,970	(2,517)	**(10,554)**	**1,813**	**(5,176)**	**(13,917)**
Total	(64,021)	6,357	(38,187)	**(95,851)**	**17,197**	**(27,324)**	**(105,978)**
School Reserves							
Schools – DSG	(23,615)	23,615	(20,561)	**(20,561)**	**20,561**	**(95)**	**(95)**
Schools - Balances	(12,340)	12,340	(14,127)	**(14,127)**	**4,756**	**-**	**(9,371)**
Schools - Other	(4,772)	-	-	**(4,772)**	**635**	**-**	**(4,137)**
Total Schools	(40,727)	35,955	(34,688)	**(39,460)**	**25,952**	**(95)**	**(13,603)**
HRA							
HRA General Reserve	(45,322)	5,720	-	**(39,602)**	**-**	**(9,835)**	**(49,437)**
Major Repairs Reserve	(5,316)	29,893	(31,627)	**(7,050)**	**37,079**	**(31,851)**	**(1,822)**
HRA Earmarked Reserves	(4,286)	445	(10,639)	**(14,480)**	**3,123**	**(960)**	**(12,317)**
Total HRA Reserves	(54,924)	36,058	(42,266)	**(61,132)**	**40,202**	**(42,646)**	**(63,576)**
Capital Reserves							
Capital Receipts	(22,863)	16,856	(21,957)	**(27,964)**	**7,843**	**(19,677)**	**(39,798)**
Capital Grants Unapplied	(1,231)	2,861	(4,640)	**(3,010)**	**1,778**		**(1,232)**
Total Usable Capital Reserves	(24,094)	19,717	(26,597)	**(30,974)**	**9,621**	**(19,677)**	**(41,030)**
TOTAL USABLE RESERVES	(203,766)	98,087	(141,738)	**(247,417)**	**92,972**	**(89,742)**	**(244,187)**

Details of the earmarked reserves are set out below:

RESERVE	PURPOSE
Capital Investment Reserve	The capital reserve is maintained to provide funding for the Council's capital programme. The Balance at 31 March includes the Council's share of business rate growth in Enterprise areas.
Business Transformation Reserves	Invest to save funds set aside to deliver the Council's major Transformational Change Programme to improve services, improve productivity and to reduce costs. The reserve will be used to fund one-off costs and the required investment.
Risk Reserves	Funds set aside to mitigate risks not otherwise provided for including, volatility in business rate income, uninsured risks and potential litigation/claims.
Statutory/Ring-fenced reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, e.g. Public Health Reserve, Business Rate growth in Enterprise Areas (pooled amount).
Technical/Financing Reserve	Includes PFI sinking fund, grant income (without conditions) carried forward in accordance with accounting regulations and resources set aside to match liabilities elsewhere on the Balance Sheet.
Service specific reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, including: - Bristol Futures (2.2m) to provide new technology to improve public services - Development Fund (£1.7m) to provide match funding to progress existing and proposed regeneration schemes - Housing Support (£1.0m) to provide support for homelessness issues

19 Property, Plant and Equipment Movements in 2015/16

The valuations, excluding vehicles, plant, equipment, infrastructure assets and community assets are carried out by Robert Orrett, MRICS, Service Director for Strategic Property. The basis for the valuation of all assets is set out in the statement of accounting policies.

The table below includes net valuation decreases of £55m within Other Land & buildings recognised in the surplus / deficit on the provision of services. This is primarily in relation to:

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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation									
At 1 April 2015	**892,374**	**591,889**	**50,199**	**148,454**	**8,031**	**21,957**	**23,800**	**844,330**	**22,563**
Additions	42,584	15,864	12,271	42,854	353	35,207	3,949	110,498	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	41,519	-	1	(3)	-	20,048	61,565	-
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	(5,534)	(84,739)	(2,665)	-	-	-	(3,767)	(91,171)	(3,351)
De-recognition - Disposals	(6,783)	(20,638)	-	-	-	-	(1,091)	(21,729)	-
Assets reclassified to/from Held for Sale	(2,293)	-	-	-	-	-	(108)	(108)	-
Assets reclassified to/from Investment Property	-	641	-	208	-	156	-	1,005	-
Other movements in cost or valuation	233	2,930	-	-	-	3,653	(6,816)	(233)	-
At 31 March 2016	**920,581**	**547,466**	**59,805**	**191,517**	**8,381**	**60,973**	**36,015**	**904,157**	**19,212**
Accumulated Depreciation and Impairment									
At 1 April 2015	**(26,333)**	**(29,949)**	**(17,217)**	**(17,294)**	**(18)**	**(2,199)**	**(1,387)**	**(68,064)**	**(1,392)**
Depreciation Charge	(27,189)	(14,675)	(4,678)	(4,194)	(74)	-	(365)	(23,986)	(380)
Depreciation written out to Revaluation Reserve	25,998	29,245	-	-	-	-	1,083	30,328	1,392
Impairment losses/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	-	-	-	-	-	-	-	-	-
De-recognition - disposals	201	2,444	-	-	-	-	-	2,444	-
De-recognition - other	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	134	508	-	-	-	(802)	307	13	-
At 31 March 2016	(27,189)	(12,427)	(21,895)	(21,488)	(92)	(3,001)	(362)	(59,265)	**(380)**
Balance Sheet at 31 March 2016	**893,392**	**535,039**	**37,910**	**170,029**	**8,289**	**57,972**	**35,653**	**844,892**	**18,832**
Balance Sheet at 1 April 2015	**866,041**	**561,940**	**32,982**	**131,160**	**8,013**	**19,758**	**22,413**	**776,266**	**21,171**

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation									
At 1 April 2014	**844,355**	**581,781**	**32,783**	**129,629**	**5,867**	**19,325**	**20,773**	**790,158**	**51,261**
Additions	30,288	58,109	10,001	18,825	2,167	21,862	2,212	113,176	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	35,763	-	-	-	-	614	36,377	(2,313)
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	25,439	(41,331)	-	-	-	(3,800)	26	(45,105)	(26,385)
De-recognition - Disposals	(7,355)	(51,454)	-	-	(3)	-	(1,103)	(52,560)	-
Assets reclassified to/from Held for Sale	(355)	(39)	-	-	-	-	-	(39)	-
Assets reclassified to/from Investment Property	-	-	-	-	-	-	-	-	-
Other movements in cost or valuation	2	9,060	7,415	-	-	(15,430)	1,278	2,323	-
At 31 March 2015	**892,374**	**591,889**	**50,199**	**148,454**	**8,031**	**21,957**	**23,800**	**844,330**	**22,563**
Accumulated Depreciation and Impairment									
At 1 April 2014	**(24,716)**	**(39,715)**	**(13,856)**	**(13,711)**	**-**	**(1,913)**	**(1,085)**	**(70,280)**	**(2,854)**
Depreciation Charge	(26,333)	(13,907)	(3,311)	(3,583)	(18)	(155)	(336)	(21,310)	(851)
Depreciation written out to Revaluation Reserve/Surplus/Deficit on the provision of Services	24,527	23,237	-	-	-	-	18	23,255	2,313
Impairment losses/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	-	-	-	-	-	-	-	-	-
De-recognition - disposals	186	119	-	-	-	-	152	271	-
De-recognition - other	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	3	317	(50)	-	-	(131)	(136)	-	-
At 31 March 2015	**(26,333)**	**(29,949)**	**(17,217)**	**(17,294)**	**(18)**	**(2,199)**	**(1,387)**	**(68,064)**	**(1,392)**
Balance Sheet at 31 March 2015	**866,041**	**561,940**	**32,982**	**131,160**	**8,013**	**19,758**	**22,413**	**776,266**	**21,171**
Balance Sheet at 1 April 2014	**819,639**	**542,066**	**18,927**	**115,918**	**5,867**	**17,412**	**19,688**	**719,878**	**48,407**

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

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

Capital Commitments

At 31 March 2016 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £72.8m, of which £16.9m relates to the transport metrobus scheme contract and £20.7m housing priority stock cladding contracts.

Significant contractual commitments outstanding at 31 March 2016 were as follows:

		£m
Ashton Vale to Temple Meads (Contract 1) - Infrastructu	Balfour Beatty Civil Engineering Ltd	15.6
Priority Stock - Cladding of low rise properties	Willmott Dixon	12.5
Priority Stock - Cladding of M/storey blocks	Mears	6.6
New Housing Provision	Halsall Construction Limited	5.8
Priority Stock - Install replacement central heating	Glevums	5.7
Priority Stock - New kitchens with Lovell Construction	Lovells	5.4
New Housing Provision	Melhuish & Saunders Limited	3.0
Redland Green Secondary School Expansion	Bristol LEP Limited	2.1
Bristol Workplace Change Programme	Morgan Sindall	2.0
Bristol Workplace Change Programme	Senator	1.7
Priority Stock - Cladding of M/storey blocks	Herbert T Forest - Yeamans & Broughton	1.6
Priority Stock - Electrical rewires with Lovell	Lovells	1.4
Briarwood Special School Expansion	Bristol LEP Limited	1.3
Ashton Vale to Temple Meads (Contract 2) - Infrastructu	VolkerLaser	1.3
Priority Stock - Replacement / Installation lifts in Multi Storey Blocks	Otis/ Stannah/Jackson	1.1
	Total	**67.1**

Revaluations

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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc	Infrastructure	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	13,428	59,805	191,517	8,381	17,439	-	290,570
31 March 2016	918,227	368,395	-	-	-	-	35,926	404,321
31 March 2015	-	90,641	-	-	-	793	-	91,434
31 March 2014	-	10,692	-	-	-	-	-	10,692
31 March 2013	-	14,068	-	-	-	9,336	90	23,494
31 March 2012	2,354	50,241	-	-	-	33,405	-	83,646
Total cost valuation	920,581	547,466	59,805	191,517	8,381	60,793	36,051	904,157

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

20 Heritage Assets

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

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian Books	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
1 April 2015	60,367	29,796	7,050	1,492	98,705
Additions	-	-	-	-	-
Revaluations	1,753	-	-	-	1,753
31 March 2016	**62,120**	**29,796**	**7,050**	**1,492**	**100,458**
Cost or valuation					
1 April 2014	60,367	29,796	7,050	1,492	98,705
Additions	-	-	-	-	-
Revaluations	-	-	-	-	-
31 March 2015	**60,367**	**29,796**	**7,050**	**1,492**	**98,705**

The above collection of Heritage Assets are predominantly valued on an insurance valuation basis excluding the antiquarian book stock that is valued by an external valuer, and some items classified as "other" are valued at historic cost.

Additions of Heritage Assets

	2010/11	2011/12	2012/13	2014/15	2015/16
	£,000	£'000	£'000	£'000	£'000
Revaluations	8,914	-	(30,735)	-	1,753
Additions	241	113	-	-	-
Carrying value	129,327	129,440	98,705	98,705	100,458

Heritage Assets: Further Information on the Museum's collections

Loans

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

Preservation

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

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

21 Investment Properties

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

	2015/16 £'000	2014/15 £'000
Rental income from Investment Property	11,837	12,405
Direct operating expenses arising from Investment Property	(1,692)	(2,828)
Net gain	**10,145**	**9,577**

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

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

	2015/16 £'000	2014/15 £'000
Balance at start of the year	199,067	195,478
Additions – purchases	9,390	4,676
Disposals	(4,023)	(329)
Net gains/losses from fair value adjustments	36,904	1,567
Transfers to/from Property, Plant and Equipment	(1,010)	(2,325)
Balance at end of the year	**240,328**	**199,067**

22 Financial Instruments & Borrowing

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

	Long-Term		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial Liabilities at amortised Cost	**574,894**	**584,455**	**126,862**	**115,605**
Total Financial Liabilities	**574,894**	**584,455**	**126,862**	**115,605**
Financial Assets				
Available-for-sale financial assets	26,277	2,502	**-**	-
Loans & Receivables at Amortised Cost	**16,530**	**11,076**	**221,464**	**234,690**
Total Financial Assets	**42,807**	**13,578**	**221,464**	**234,690**

Movements

The increase in financial assets (£16m) relates to

- an increase in long term financial assets (£24m) through revaluation (£17m) and acquisition (£7m)
- an increase in debtors (£20m) and a
- a reduction in cash resources (£28m) to finance the capital programme to reduce the Net financing costs and counter party risk of the authority.

Borrowing

Short-term borrowing	31 March 2016 £'000	31 March 2015 £'000
Deposit loans (repayable at notice - up to 7 days)	257	257
Other short term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,471	3,449
- Banks and other monetary sector	3,255	1,239
- Local bonds and property rent disposals	11	11
- Stocks	10	10
Total	**7,004**	**4,966**

Long-term borrowing	31 March 2016 £'000	31 March 2015 £'000
Public Works Loan Board	291,239	291,242
Market debt	123,000	123,000
Stocks	50	50
Total	**414,289**	**414,292**

The long term debt of the authority has remained constant throughout the year as recommended within the 2015/16 Treasury Management Strategy. The only new borrowing during the year was a £2million overnight temporary loan (repaid 1/4/16) used for cash flow purposes.

Allowance for Credit Losses

The Council has not incurred any losses during the period.

Income, Expense, Gains or Losses

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

Financial Instruments Gains and Losses 2015/16

	Financial Liabilities	Financial Assets		
	Measured at amortised cost	Loans and receivables	Available-for-sale assets	Total
	£'000	£'000	£'000	£'000
Interest expense	(36,789)	-	-	(36,789)
Total expense in Surplus or Deficit on the Provision of Services	**(36,789)**	**-**	**-**	**(36,789)**
Interest income	-	7,105	-	7,105
Dividend Income	-	-	2,045	2,045
Total income in Surplus or Deficit on the Provision of Services	**-**	**7,105**	**2,045**	**9,150**
Surplus arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**16,669**	**16,669**
Net gain/(loss) for the year	**(36,789)**	**7,105**	**18,714**	**(10,970)**

For Information excludes provision for Prudential Borrowing Recharges for DSG (£566k).

Financial Instruments Gains and Losses 2014/15

	Financial Liabilities	Financial Assets		
	Measured at amortised cost	Loans and receivables	Available-for-sale assets	Total
	£000s	£000s	£000s	£000s
Interest expense	(38,803)	-	-	(38,803)
Total expense in Surplus or Deficit on the Provision of Services	**(38,803)**	**-**	**-**	**(38,803)**
Interest income	-	7,401	-	7,401
Dividend Income	-	-	1,842	1,842
Total income in Surplus or Deficit on the Provision of Services	-	7,401	1,842	9,243
Net gain/(loss) for the year	**(38,803)**	**7,401**	**1,842**	**(29,560)**

For Information excludes for provision of Banking Services +£80k, and (£589k) for Prudential Borrowing Recharges for DSG

Fair Value of Financial Assets

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

Descriptions	Fair value measurements at 31 March 2016 using:			Fair value measurements at 31 March 2015 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Recurring fair value measurements						
Non-traded securities:						
Unquoted private companies	-	-	25,461	-	-	2,502
Companies limited by guarantee	-	-	376	-	-	-
Pooled property fund	-	-	440	-	-	-
Total Non-traded securities:	**-**	**-**	**26,277**	**-**	**-**	**2,502**
Investment properties	**-**	**240,328**	**-**	**-**	**199,067**	**-**
Surplus properties	**-**	**35,653**	**-**	**-**	**22,413**	**-**
Total recurring fair value measurements	**-**	**275,981**	**26,277**	**-**	**221,480**	**2,502**
Non-recurring fair value measurements						
Assets held for sale	-	-	-	-	366	-
Total non-recurring fair value measurements	**-**	**-**	**-**	**-**	**366**	**-**

Valuation techniques and inputs

Description of asset	**Valuation hierarchy**	**Basis of valuation**	**Observable and Unobservable inputs**	**Key sensitivities affecting the valuations provided**
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment properties	Level 2	All investment properties have been valued by the Council's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.
Investments in unquoted companies	Level 3	These investments have been valued at the Council's share of each company's net assets.	Calculation for Bristol Port Company (see note 22) are based on the balance sheet contained in audited accounts for the year ended 30 June 2015. Calculations for other companies (see note 36) have been based on their unaudited accounts as at 31 March 2016.	Material events occurring between 1 July 2015 and 31 March 2016 could affect the Bristol Port Company valuation. Other valuations would be affected by the difference between audited and unaudited accounts.

Transfers between levels of the fair value hierarchy

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

Changes in valuation technique

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

Description	31 March 2016 Non-traded securities £000	31 March 2015 Non-traded securities £000
Opening balance	2,502	2,502
Transfers into level 3	-	-
Transfers out of level 3	-	-
Total gains/(losses) for the period:	16,669	-
included in the surplus/(deficit) on the Provision of Services	-	-
included in Other Comprehensive Income and Expenditure	16,669	-
Additions	7,106	-
Disposals	-	-
Closing balance	**26,277**	**2,502**

Gains and losses included in Other Comprehensive Income and Expenditure for the current year relate primarily to the unquoted shares in the Bristol Port Company Ltd and wholly owned subsidiaries of Bristol City Council and are taken to the Available for Sale Financial Instruments Reserve. These are reported in the surplus or deficit on revaluation of available for sale financial assets line in the Comprehensive Income and Expenditure Statement.

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

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

- The fair values for financial liabilities for PWLB debt has been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB current rates as at each Balance Sheet date, and include accrued interest, representing the transfer cost of these debt instruments. The fair values for non-PWLB debt have also been calculated using the same procedures as limited market activity exists to provide suitable estimates.
- For loans and receivables prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

Financial Liabilities	31 March 2016		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Total Liabilities	**701,756**	**947,835**	**700,060**	**1,089,568**

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2016		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans & Receivables				
Short term investments	118,668	118,668	100,614	100,614
Cash and Cash Equivalents	23,246	23,246	69,805	69,805
Long term investments	26,277	26,277	2,502	2,502
Debtors qualifying as loans and receivables	79,550	79,550	64,271	66,276
Total loans and receivables	**247,741**	**247,741**	**237,192**	**239,197**
Long term debtors	**16,530**	**17,790**	**11,076**	**13,718**
Total loans and receivables	**264,271**	**265,530**	**248,268**	**252,915**

The fair value of the assets is marginally higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders below current market rates.

23 Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 17 February 2015 and is available on the Council website.

Credit risk

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

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

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

- Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria;
- UK institutions provided with support from the UK Government;
- Building societies with assets in excess of £250m.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

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

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
Long Term Investments:	**31-Mar-16**	**31-Mar-16**	**31-Mar-16**	**31-Mar-16**	**31-Mar-15**
Non-traded securities	26,277	0.00%	0.00%	-	-
Sub-total	**26,277**			-	-
Short Term Investments:					
AA rated counterparties	80,580	0.01%	0.01%	8	-
A rated counterparties	29,235			-	-
BBB rated counterparties	8,854	0.15%	0.15%	13	30
Sub-total	**118,668**			**21**	**30**
Cash & cash equivalent:					
AAA rated counterparties	419	0.04%	0.04%	-	-
AA rated counterparties	12,791	0.01%	0.01%	1	-
A rated counterparties	10,035	0.07%	0.07%	7	-
Sub-total	**23,246**	**-**	**-**	**8**	-
Trade debtors (classed as loans and receivables)	**79,550**			-	-
Long-term debtors	**16,530**			-	-
Total Financial assets as loans and receivables	**264,271**			**30**	**30**

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

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

Debtor analysis	Gross debtor at	Bad Debt provision at	Net debtor at	Net debtor at
	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-15
	£'000	**£'000**	**£'000**	£'000
Local tax payers	12,471	(5,633)	6,838	6,946
Housing rents	10,339	(8,139)	2,200	2,012
Other - sundry debtors	99,009	(30,509)	68,500	55,167
Total Other Entities and Individuals	**121,819**	**(44,281)**	**77,538**	**64,125**
Central Government bodies	17,125	-	17,125	23,028
Other local authorities	11,638	-	11,638	10,826
NHS bodies	1,338	-	1,338	283
Public corporations and trading funds	-	-	-	-
Total debtors	**151,920**	**(44,281)**	**107,639**	**98,262**
Balance sheet debtors	**151,920**	**(44,281)**	**107,639**	**98,262**
Adjust for statutory debtors				
Ex Avon Debt	(1,926)	-	(1,926)	(2,006)
Local taxpayers	(12,471)	5,633	(6,838)	(6,946)
Housing rents	(10,339)	8,139	(2,200)	(2,012)
Central Government bodies	(17,125)	-	(17,125)	(23,028)
Total statutory debtors (not qualifying as loans and receivables under IFRS)	**(41,861)**	**13,772**	**(28,089)**	**(33,992)**
Debtors qualifying as loans and receivables	**110,059**	**(30,509)**	**79,550**	**64,271**

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2016	31 March 2015
	£'000	**£'000**
Less than three months	29,679	23,953
Three to four months	654	474
Four months to one year	5,360	5,600
More than one year	18,986	19,022
Total	**54,679**	**49,049**

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets to cover day-to-day cash flow need and the Public Works Loans Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

	31 March 2016 £'000	31 March 2015 £'000
Less than 1 year	221,464	234,690
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
More than 3 years	42,807	13,578
Total	**264,271**	**248,268**

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2016 £'000	%	Actual 31 March 2015 £'000	%
Less than 1 year	-	30	7,004	1%	4,966	1%
Between 1 and 2 years	-	30	-	0%	-	0%
Between 2 and 5 years	-	40	3,000	1%	3,000	1%
Between 5 and 10 years	-	40	20,000	5%	20,000	5%
More Than 10 Years	25	100	391,289	93%	391,292	93%
Total			**421,293**	**100%**	**419,258**	**100%**

Market risk

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

Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;

Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and

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

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

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

At 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2016 £'000
Increase in interest receivable on variable rate investments	2,796
Impact on Surplus or Deficit on the Provision of Services	2,796
Share of overall impact debited to the HRA	742
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	99,200

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

Price risk

The Council does not generally invest in equity shares but does have long term investments in un-quoted companies amounting to £26m primarily for the Bristol Port Company, and Bristol Holdings, the latter a wholly owned subsidiary. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the prices of these shares.

As the shareholding has arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific holdings.

These shares are classified as Available for Sale.

Foreign exchange risk

During 2015/16 the Council received monies denominated in Euro's relating to the receipt of European grant. The authority also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

The Council also has foreign exchange exposure to Icelandic Krona resulting from an element of the settlement being held in an escrow account. The Council is unable to exchange this holding to sterling due to the current foreign exchange restrictions placed on the trading of Icelandic krona by the Icelandic Authorities.

24 Capital Expenditure and Capital Financing

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

	2015/16 £'000	2014/15 £'000
Opening Capital Financing Requirement	715,055	684,425
Capital investment		
Property, Plant and Equipment	153,081	143,463
Investment Properties	9,390	4,676
Intangible Assets	5,390	1,870
Long Term Investments	7,018	
Revenue Expenditure Funded from Capital under Statute	10,184	2,770
Sources of finance		
Capital receipts	(17,950)	(14,708)
Government grants and other contributions	(61,350)	(54,975)
Sums set aside from revenue:		
• Direct revenue contributions	(66,854)	(36,141)
• MRP – City Council Debt	(9,333)	(9,441)
• MRP – Contribution from Unitaries re Ex-County Debt	(1,947)	(2,090)
• MRP - Write down of PFI Liability	(4,939)	(4,794)
Reduction in Finance Lease Liability following changes to Waste Service Concession contract	(4,082)	-
Closing Capital Financing Requirement	733,663	715,055
Explanation of movements in year		
Less Minimum Revenue Provision	(20,301)	(16,325)
Increase in underlying need to borrowing (unsupported by government financial assistance)	38,909	46,955
Increase/Decrease in Capital Financing Requirement	**18,608**	**30,630**

25 Leases

Council as Lessee

Operating Leases

The Council has acquired property, vehicles and equipment by entering into operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2016 £'000	31 March 2015 £'000
Not later than one year	-	-
Later than one year and not later than five years	344	951
Later than five years		
	344	**951**

Council as Lessor

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses

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

	31 March 2016 £'000	31 March 2015 £'000
Not later than one year	11,395	11,372
Later than one year and not later than five years	38,553	39,436
Later than five years	782,308	804,417
	832,256	**855,225**

The minimum lease payments receivable at 31 March 2016 and 2015 are based on the current rents receivable at the respective Balance Sheet dates. They do not include estimates of future rents reviews or contingent rents.

26 Service Concessions

Schools PFI Phase 1A

On 31st March 2004 the Council entered into a Private Finance Initiative (PFI) contract with Bristol Schools Limited. The contract provided for the design, construction and financing of four new secondary schools, Bedminster Down, Henbury School, Orchard School and Oasis Brightstowe Academy. All four schools were constructed and are operational. Bristol Schools Limited will maintain and operate the facilities for twenty-six years from the date the first school became operational.

A capital contribution of £5.346m was made to the first phase of the project by way of a cash payment. This was in respect of the provision of leisure facilities and of the retention of part of the site of Henbury School by the Council, for subsequent disposal.

Schools PFI Phase 1B and 1C, Building Schools for the Future

During 2006/07 the Council entered into a PFI contract with Bristol PFI Limited to design, build, finance and operate four additional schools in Bristol. A Local Education Partnership (LEP) was also created to manage the supply chain and deliver the four schools. The partnership is between Skanska Education Partnerships (80%), Partnership for Schools (10%) and Bristol City Council (10%). The schools are Brislington Enterprise College, Bristol Brunel Academy, Bristol Metropolitan Academy and Bridge Learning Campus. Bristol PFI Limited will maintain and operate the facilities for twenty-seven years from the date the first school became operational.

A capital contribution of £9.569m was made to the project by way of a cash payment. This was used towards the cost of the Bridge Learning Campus and provision of leisure facilities at Bristol Brunel Academy.

Hengrove Leisure Centre

In April 2010 the Council entered into a PFI contract with Bristol Active Limited to design, build, finance and operate a new leisure centre, and associated car park, in Hengrove. The centre opened in February 2012 and Bristol Active Limited will operate and maintain the facility until 2037.

The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

A capital contribution of £7.161m was made to the project by way of a cash payment. This was used to fund the capital works for the Car Park and as a contribution towards the capital works of the Leisure Centre.

Property, Plant and Equipment

The PFI assets, and related liabilities, have been recognised on the Council's balance sheet when made available for use. Movements in their value over the year are detailed in the analysis of the movements on the Property, Plant and Equipment balance in Note 19. The assets will be transferred back to the Council at the end of the contracts for nil consideration.

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

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

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

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

Schools PFI Phase 1A

As at 31st March 2016 cumulative payments totalling £103m (£93m in 2014/15) have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services	Repayment of Liability	Interest	Other	Total
	£'000	£'000	£'000	£'000	£'000
2016/17	2,850	1,441	5,117	161	9,568
2017/18 to 2020/21	12,132	7,036	18,629	217	38,015
2021/22 to 2025/26	16,951	12,868	17,834	(105)	47,548
2026/27 to 2030/31	19,179	20,275	8,706	(1,788)	46,372
2031/32	1,557	1,879	221	215	3,872
Total	52,669	43,499	50,507	(1,300)	145,375

Over the life of the PFI project, the Council will receive government grant of £134.8m.

Schools PFI Phase 1B and 1C, Building Schools for the Future

As at 31st March 2016 cumulative payments totalling £126m (£109m in 2014/15) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2016/17	4,818	2,784	6,952	3,216	17,770
2017/18 to 2020/21	20,546	13,807	25,498	13,087	72,938
2021/22 to 2025/26	29,201	20,346	25,285	20,601	95,434
2026/27 to 2030/31	33,690	27,210	16,705	22,697	100,302
2031/32 to 2034/35	25,689	26,134	4,590	14,531	70,943
Total	**113,944**	90,281	79,030	74,132	357,387

Over the life of the PFI project, the Council will receive government grant of £326.3m.

Hengrove Leisure PFI

As at 31 March 2016 payments totalling £13.3m (£10.4m at 31 March 2015) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2016/17	315	659	1,701	781	3,456
2017/18 to 2020/21	1,342	2,961	6,079	3,605	13,987
2021/22 to 2025/26	1,875	2,554	6,054	7,404	17,887
2026/27 to 2030/31	2,082	3,954	4,531	7,822	18,389
2031/32 to 2035/36	2,197	5,036	2,317	9,407	18,957
2036/37	601	1,216	126	1,645	3,588
Total	8,412	16,380	20,808	30,664	76,264

Over the life of the PFI project, the Council will receive government grant of £69.6m.

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

	Schools		Hengrove Leisure	
	2015/16 £'000	2014/15 £'000	**2015/16 £'000**	2014/15 £'000
Balance outstanding at the start of year	137,930	141,938	17,169	17,956
Movement in year	(4,149)	(4,008)	(789)	(787)
Balance outstanding at year end	**133,781**	137,930	**16,380**	17,169

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

Bristol Waste Contract

In August 2015 the Council entered into a service contract with Bristol Waste Company to provide recycling and waste services. The assets and associated liability have been included on the Council's Balance Sheet as a service concession in accordance with the code and IFRC 12. In 2014/15 these services were provided by an external contractor and the assets accounted for as a finance lease in accordance with IFRIC 4.

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

Year	Payment for Services	Repayment of Liability	Interest	Total
	£'000	£'000	£'000	£'000
2016/17	20,383	619	98	21,100
2017/18 to 2018/19	31,966	1,333	101	33,400
Total	**52,349**	**1,952**	**199**	**54,500**

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

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2015/16	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Balance at 01/04/15	137,930	141,938	17,169	17,956	-	-	155,099	159,894
Movement in year	(4,149)	(4,008)	(789)	(787)	1,952	-	(2,986)	(4,795)
Balance at 31/03/16	**133,781**	**137,930**	**16,380**	**17,169**	**1,952**	**-**	**152,113**	**155,099**

27 Debtors

i	Current debtors	31 March 2016 £'000	31 March 2015 £'000
	Central government bodies	17,125	23,028
	Other local authorities	11,638	10,826
	NHS bodies	1,338	283
	Other entities and individuals	77,538	64,125
	Total	**107,639**	**98,262**

Details of amounts provided as bad debt provisions are included in Note 45.

ii	Long-term debtors	31 March 2016 £'000	31 March 2015 £'000
	Mortgages	220	232
	Capital loans (Probation/Fire/LEP)	5,804	7,326
	South Gloucestershire Council	507	518
	Former county council debt	46,223	48,149
	Contractual Commitments	7,000	-
	Local Authority Mortgage Scheme	3,000	3,000
	Total	**62,754**	**59,225**

28 Cash and Cash Equivalents

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

	31 March 2016 £'000	31 March 2015 £'000
Cash held by the Council	331	351
Bank current accounts	(2,733)	(19,270)
Short-term deposits with banks / building societies	25,648	88,725
Total Cash and Cash Equivalents	**23,246**	**69,806**

The Council also manages a number of euro bank accounts on behalf of other partner organisations. The sterling equivalent of the total balances held for and managed on behalf of other partner organisations, and not included within the Council's accounts, at 31 March 2016 was £48k (31 March 2015 £357k).

29 Creditors

Current liabilities	31 March 2016 £'000	31 March 2015 £'000
Central government bodies	24,365	16,803
Other local authorities	576	7,038
NHS bodies	2,851	2,608
Other entities and individuals	102,420	102,531
Total	**130,212**	**128,980**

Other long-term liabilities	31 March 2016 £'000	31 March 2015 £'000
Service Concession contract liabilities (see Note 26)	152,113	150,170
Retirement benefit obligations (see Note 32)	693,235	705,102
Deferred liabilities	56,641	63,809
Deferred capital receipts	143	154
Rent Deposits	75	-
Total	**902,207**	**919,235**

Deferred liabilities are amounts which, by arrangement, are payable beyond the next year, at some point in the future or are to be paid off by an annual sum over a period. As at the 31 March 2016 the liability in the Council's Balance Sheet of £56.6m (2015: £63.8m) comprised of former county council loan debt of £48.1m (2015: £50.2m), £8.5m (2015: £8.5m) in respect of a loan for the Hengrove Park development.

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

30 Provisions

	Balance at 1 April 2015 £'000	Additional provisions made in 2015/16 £'000	Amounts used in 2015/16 £'000	Balance at 31 March 2016 £'000	Due < 1 year £'000	Due > 1 year £'000
Business Transformation	(1,938)	(1,367)	845	(2,460)	(2,460)	-
Insurance fund	(4,151)	-	516	(3,635)	(2,614)	(1,021)
NDR Provision for appeals	(8,622)	(2,019)	3,448	(7,193)	-	(7,193)
Other	(2,661)	(23)	2,147	(537)	(364)	(173)
	(17,372)	(3,409)	6,956	(13,825)	(5,438)	(8,387)
Due < 1 year	(5,884)			(5,438)		
Due > 1 year	(11,488)			(8,387)		
	(17,372)			(13,825)		

The Insurance Fund covers certain risks arising from fire, employer's liability and public liability, supplementing the Council's arrangement with external insurers, together with other risks. The provision for severance costs covers future exit costs arising from the Council's restructure proposals. The NDR provision has been created to allow for the cost of future appeals. All other provisions are individually not material.

31 Unusable Reserves

	31 March 2016 £'000	31 March 2015 Restated £'000
Revaluation Reserve	(268,860)	(221,392)
Capital Adjustment Account	(1,098,375)	(1,015,020)
Available for Sale Financial Instruments	(16,669)	-
Financial Instruments Adjustment Account	7,927	8,589
Pensions Reserve	708,587	734,113
Collection Fund Adjustment Account	2,383	(2,452)
Accumulated Absences Account	5,425	6,112
	(659,582)	**(490,050)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2015/16 £'000	2015/16 £'000	2014/15 £'000	2014/15 £'000
Balance at 1 April		(221,392)		(168,962)
Upward revaluation of assets	(90,486)		(72,212)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	28,920		12,583	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(61,566)		(59,629)
Difference between fair value and historical cost depreciation	8,112		5,667	
Accumulated gains on assets sold or scrapped	5,986		1,532	
Amount written off to the Capital Adjustment Account		14,098		7,199
Balance at 31 March		**(268,860)**		**(221,392)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 17 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2015/16 £'000	2014/15 Restated £'000
Balance at 1 April	(1,015,020)	(988,750)
Adjustment to opening balance 14/15		(2,500)
Revised total	(1,105,020)	(991,250)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	51,175	47,642
Revaluation losses on Property, Plant and Equipment	38,830	(4,771)
Amortisation of Intangible Assets	1,602	1,233
Revenue Expenditure Funded from Capital Under Statute	10,184	2,770
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	32,311	60,268
	(880,918)	(884,108)
Adjusting amounts written out of the Revaluation Reserve	(14,098)	(7,199)
Net written out amount of the cost of non-current assets consumed in the year	(895,016)	(891,307)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(17,950)	(14,708)
Use of the Major Repairs Reserve to finance new capital expenditure	(37,079)	(29,893)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(61,350)	(54,975)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(16,219)	(16,325)
Reduction in Finance Lease Liability following changes to Waste Service Concession contract	(4,082)	-
Capital expenditure charged against the General Fund and HRA balances	(29,775)	(6,245)
	(1,061,471)	(1,013,453)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(36,904)	(1,567)
Balance at 31 March	**(1,098,375)**	**(1,015,020)**

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced investments with accumulated gains are:,, revalued downwards or impaired and the gains are lost disposed of and the gains are realised.

	31 March 2016 £'000	31 March 2016 £'000
Balance at 1 April		
Upward revaluation of investments	(16,669)	-
Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services		
Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		
Balance at 31 March	(16,669)	-

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 Authority uses the Account to manage premiums paid on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2015 will be charged to the General Fund over the next 34 years.

	2015/16 £'000	2015/16 £'000	2014/15 £'000	2014/15 £'000
Balance at 1 April		8,589		9,638
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(662)		(1,049)	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(662)		(1,049)
Balance at 31 March		**7,927**		**8,589**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2015/16 £'000	2014/15 £'000
Balance at 1 April	734,113	552,500
Remeasurements on pensions assets and liabilities	(51,846)	166,161
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	71,570	63,885
Employer's pensions contributions and direct payments to pensioners payable in the year	(45,250)	(48,433)
Balance at 31 March	**708,587**	**734,113**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2015/16 £'000	2014/15 £'000
Balance at 1 April	(2,452)	3,528
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	4,835	(5,980)
Balance at 31 March	**2,383**	**(2,452)**

Accumulated Absences Account

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

	2015/16	2015/16	2014/15	2014/15
	£'000	£'000	£'000	£'000
Balance at 1 April		**6,112**		**15,070**
Settlement or cancellation of accrual made at the end of the preceding year	(6,112)		(15,070)	
Amounts accrued at the end of the current year	5,425		6,112	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(687)		(8.958)
Balance at 31 March		**5,425**		**6,112**

32 Pensions

a Participation in Pension Schemes

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

The Council participates in three pension schemes:

The Local Government Pension Scheme - all staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final salary. It is a 'defined benefit' scheme. In 2015/16the Council paid an employer's contribution rate of 21% (19% in 2014/15), resulting in total payments of service deficit, as assessed by the Fund Actuary. The Actuary carries out a full valuation of the Fund every three years in accordance with government regulations. The last valuation of the Fund was undertaken at 31 March 2013, the next full valuation is therefore due at March 2016. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. As indicated above, the Council paid a contribution rate of 21% from 1 April 2013, representing 13.2% in respect of future service and 7.8% to meet the deficit recovery element.

The Teachers' Pension Scheme - The rate of contribution for 2015/16 was 21%, resulting in a total payment of £8.333m (£8.149m in 2014/15) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.37m (£2.36m in 2014/15) in respect of pensions and added years where the early retirement of teachers was agreed. The Council also met its share of the residual liability for former Avon County Council employees, amounting to £1.937m (£1.95m in 2014/15). The estimated liability for unfunded payments has been calculated by the actuary and is included in the Balance Sheet.

The National Health Service Pension Scheme – In 2015/16 a total payment of £0.41m (£0.42m in 2014/15) was made to the NHS Pension Scheme, following the transfer of public health responsibilities from primary care trusts.

b Accounting Transactions relating to retirement benefits

Employer contributions paid in the year have been charged to service revenue accounts, prior to the adjustments required under the accounting standard, IAS19. The adjustments included in the Comprehensive Income and Expenditure Account to comply with IAS19 are offset by appropriations from the Pensions Reserve to the General Fund in the Movement in Reserves Statement, so that there is no effect on the overall amount met from government grant and local tax payers.

The principal assessments made by the Fund actuary, in so far as these affect the Income and Expenditure Account are set out in the following table:

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2015/16	2014/15	**2015/16**	2014/15
	£'000	£'000	**£'000**	£'000
Income and Expenditure Account				
Net cost of services				
Current service cost	**48,454**	36,400	**-**	-
Past service gains/curtailment costs/Settlements	**404**	5166	**-**	-
Administration expense	**726**	696	**-**	-
Financing and Investment Income Expenditure				
Net interest cost	**19,844**	18,812	**2,142**	2,811
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**69,428**	61,074	**2,142**	2,811
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurements (assets/liabilities)	**(49,899)**	160,930	**(1,947)**	5,231
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19	**(69,428)**	(61,074)	**(2,142)**	(2,811)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	**40,926**	44,120	**4,324**	4,313

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2015/16 to reflect the current service cost and an appropriate share of the net interest cost. The latter item has been apportioned to the HRA on the basis of pensionable pay.

c Assets and Liabilities in relation to Retirement Benefits

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Local Government Pension Scheme		Unfunded liabilities: Teachers' Unfunded Pensions		Total Liability Local Government & Teachers Pensions	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
01-Apr	(2,065,047)	(1,731,778)	(43,843)	(41,588)	(71,257)	(67,528)	(2,180,147)	(1,840,894)
Current service cost	(48,454)	(36,400)	-	-	-	-	(48,454)	(36,400)
Interest on pension liabilities	(65,257)	(74,832)	(1,355)	(1,758)	(2,142)	(2,811)	(68,754)	(79,401)
Contributions by scheme participants	(11,607)	(11,453)	-	-	-	-	(11,607)	(11,453)
Remeasurement (liabilities)								
Experience (gain)/loss	-	-	-	-	-	-	-	-
(Gain)/loss on financial assumptions	111,770	(278,922)	1,411	(3,800)	1,947	(5,231)	115,128	(287,953)
(Gain)/loss on demographic assumptions	-	-	-		-	-	-	-
Benefits paid	63,168	73,504	2,979	3,303	4,324	4,313	70,471	81,120
Past service grants, curtailment costs and settlements	(404)	(5,166)	-	-	-	-	(404)	(5,166)
31-Mar	**(2,015,831)**	**(2,065,047)**	**(40,808)**	**(43,843)**	**(67,128)**	**(71,257)**	(2,123,767)	(2,180,147)

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

	2015/16 £'000	2014/15 £'000
1 April	1,475,150	1,288,499
Interest on plan assets	46,768	57,778
Remeasurement (assets)	(63,282)	121,792
Administration expense	(726)	(696)
Settlements	-	-
Employer contributions	27,267	73,131
Contributions by scheme participants	11,607	11,453
Benefits paid	(66,147)	(76,807)
31 March	1,430,637	**1,475,150**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

The actual return on plan assets in the year was £(16.513m) (2014/15: £179.570m).

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

	2015/16 £'000	2014/15 £'000	2013/14 £'000	2012/13 £'000
Present value of liabilities:				
Local Government Pension Scheme	(2,056,639)	(2,108,890)	(1,773,366)	(1,823,780)
Teachers' unfunded liabilities	(67,128)	(71,257)	(67,528)	(73,200)
Fair value of assets in the Local Government Pension Scheme	1,430,637	1,475,150	1,288,499	1,214,232
Surplus/(deficit) in the scheme:				
Local Government Pension Scheme	(626,002)	(633,740)	(484,867)	(609,548)
Teachers' unfunded liabilities	(67,128)	(71,257)	(67,528)	(73,200)
Total	(693,130)	**(704,997)**	**(552,395)**	**(682,748)**

The total liabilities shown in the Balance Sheet comprise the above (£693,130k) together with a small amount in respect of pre-1974 liabilities (£105k) totalling (£693,235).

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £693m (2014/15 £705m: £552m) impacts on the net worth of the Council as recorded in the Balance Sheet (£904m).

Statutory arrangements for funding the deficit limit the adverse impact on the Council's financial position: the purpose of the triennial valuation of the fund by the scheme actuary is to determine the increase in employer contributions necessary to make good any deficit over the remaining working life of employees. Notwithstanding this, the scale of pension fund deficits being reported by Local Authorities is likely to result in a further review of the Local Government Pension Scheme with the aim of making this more affordable in the future and thus reducing the burden on taxpayers.

Finance is only required to be raised to cover the unfunded teachers' pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 are £26.270m.

d 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. The Local Government Pension Scheme liabilities have been assessed by William M. Mercer the independent actuary to the Avon Fund, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

The main financial assumptions used in the calculations are:

	Local Government Pension Scheme		**Teachers**	
	2015/16	2014/15	**2015/16**	2014/15
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	**23.5**	23.4	**23.5**	23.4
Women	**26**	25.9	**26**	25.9
Longevity at 65 for future pensioners:				
Men	**25.9**	25.8	**-**	-
Women	**28.9**	28.8	**-**	-
	%	%	**%**	%
Rate for discounting scheme liabilities	**3.5**	3.2	**3.4**	3.1
Rate of inflation - CPI	**2**	2	**2**	2
Rate of increase in salaries	**3.5**	3.5	**-**	-
Rate of increase in pensions	**2**	2	**2**	2

The actuary has provided a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period. The table below shows how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the 31 March 2016.

Local Government Pension Scheme	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	2,056,639	2,020,232	2,093,701	2,064,577	2,096,083
Assets	(1,430,637)	(1,430,637)	(1,430,637)	(1,430,637)	(1,430,637)
Deficit/(Surplus)	626,002	589,595	663,064	633,940	665,446
Projected service cost for next year	44,263	42,934	45,646	44,263	45,216
Projected net interest cost for next year	21,413	20,714	22,762	21,743	22,846
Teachers' Unfunded Pension Scheme					
Liabilities	67,128	66,491	67,771	-	69,806
Assets	-	-	-	-	-
Deficit/(Surplus)	67,128	66,491	67,771	-	69,806
Projected net interest cost for next year	2,209	2,252	2,231	-	2,300

The following information disaggregates the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market and those that do not:

Asset Category	Sub-Category	Quoted (Y/N)	31st March 2016 £'000	31st March 2015 £'000
Equities	UK Quoted	Y	234,627	235,062
	Global Quoted	Y	114,451	182,336
	North America	Y	133,049	-
	North America	N	-	136,009
	Japan	Y	41,488	42,083
	Europe excl UK	Y	92,991	93,559
	Pacific Rim excl Japan	Y	30,043	36,285
	Emerging Markets	Y	123,035	141,011
	Sub-total equities		769,684	**866,345**
Bonds	UK Government Fixed	Y	25,751	50,213
	UK Government Gilt Futures	Y	88,699	111,463
	UK Government Indexed	Y	-	44,484
	Overseas Government Fixed	Y	44,350	-
	Sterling Corporate Bonds	Y	133,049	129,703
	Sub-total bonds		291,849	**335,863**
Property	UK Property Funds	Y	74,393	67,738
	Overseas Property Funds	Y	58,656	55,722
	Sub-total property		133,049	**123,460**
Alternatives	Hedge Funds	Y	75,824	64,911
	Diversified Growth Funds	Y	141,633	49,121
	Sub-total alternatives		217,457	**114,032**
Cash and equivalents	Cash Accounts	Y	18,598	-
	Net Current Assets	N	-	35,450
	Sub-total cash		18,598	**35,450**
Total Assets			**1,430,637**	**1,475,150**

Governance and Risk Management
The liability associated with the Council's pension arrangements is material to the Council, as is the cash funding required. The details in relation to each arrangement, including the relevant provisions for governance and risk management, are set out below.

Avon Pension Fund:

Nature of Fund
The Fund targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2015 and on a revalued average salary (a "career average" scheme) for service from 1 April 2014 onwards.

Governance
As administering authority, Bath and North East Somerset Council (B&NES), has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations. B&NES delegates its responsibility for administering the Fund to the Avon Pension Fund Committee, which is the formal decision making body for the Fund. The Avon Pension Fund Committee is responsible for the investment, funding, administration and communication strategies. It also monitors the performance of the fund, and approves and monitors compliance of statutory statements and policies required under the Regulations. The Committee is supported by an Investment Panel which considers the investment strategy and investment performance in greater depth.

Funding the liabilities
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 valuation was carried out as at 31 March 2013, which showed a shortfall of assets against liabilities of £0.48 billion as at that date, equivalent to a funding level of 72%. The fund's employers are paying additional contributions over a period of up to 27 years in order to meet the shortfall.

The weighted average duration of the Council's defined benefit obligation is 18 years, measured on the actuarial assumptions used for IAS19 purposes.

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.

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

Market Price / Interest rate / Currency risk
Market risk is the risk of loss from fluctuations in market prices, interest rates or currencies, to which the Fund is exposed across its investments portfolio. The objective of the investment strategy is to manage and control market risk within acceptable parameters, while optimising the return. Volatility in market risk is managed through diversification across asset class and investment managers.

The Fund has a high allocation to equities and therefore the fluctuation in equity prices is the largest market risk within the portfolio. The maturity profile of the Fund and strong underlying covenant underpins the allocation to equities which are expected to deliver higher returns over the long term.

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. As the market values of investments reflect an assessment of creditworthiness in their pricing, the risk of loss is implicitly provided for in the carrying value of the assets and liabilities.

Liquidity risk
Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The investment strategy and cash management policy ensure that the pension fund has adequate cash to meet its working requirements. 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 and fixed income investments. 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.

Other risks
Actions taken by the Government, or changes to European legislation, could result in stronger local funding standards, which could materially affect the Council's cash flow.

There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation and/or the liabilities for actuarial valuation purposes. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material. The sensitivity analysis above indicates the change in the defined benefit obligation for changes in the key assumptions.

Amendments, curtailments and settlements
The provisions of the Fund were amended with effect from 1 April 2014. As explained above, for service up to 31 March 2014, benefits were based on salaries when members leave the scheme, whereas for service after that date, benefits are based on career average salary. Further details of the changes are available from the Council.

Curtailments shown in the accounting figures relate to the cost of providing retirement benefits for members who retire early, to the extent that provision has not already been made for the relevant defined benefit obligations.

Settlements shown in the accounting figures relate to the admission of new employers into the Fund, and who take on part of the authority's assets and liabilities as a result of employing members who have accrued benefits with the authority.

Schemes for Teachers and Public Health Workers:

Nature of Funds
The Funds target a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2016 and on a revalued average salary (a "career average" scheme) for service from 1 April 2015 onwards.

Governance
These arrangements are managed centrally by government departments/agencies, and there is no material involvement for the Council.

Funding the liabilities
Contributions to the arrangements are set by the Government, having taken advice from the Government Actuary. Again, the Council has no material involvement in this process. The exception to this is the additional pensions to retired teachers which were awarded at the point of retirement, and for which the Council is responsible. The weighted average duration of these particular liabilities is 10 years, measured on the actuarial assumptions used for IAS19 purposes.

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

Other risks
There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material. The sensitivity analysis above indicates the change in the defined benefit obligation for changes in the key assumptions.

The methods used to carry out the sensitivity analyses presented above for the material assumptions are the same as those the authority has used previously. The calculations alter the relevant assumption by the amount specified, whilst assuming that all other variables remain the same. This approach is not necessarily realistic, since some assumptions are related: for example, if the scenario is to show the effect if inflation is higher than expected, it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

e History of experience gains and losses

The approach to calculating the IAS19 figures in between full actuarial valuations every three years is approximate in nature. At each valuation, the position is re-assessed, with the assets and liabilities being fully recalculated. Following each full actuarial valuation an adjustment is made to the assets and liabilities to bring the previously estimated IAS19 figures into line with the more accurately calculated ones. Examples of events which this would cover are mortality and other demographic experience being different from the IAS19 assumptions. The experience gains/(losses) on assets and liabilities is shown as part of Remeasurements.

The experience adjustments arising on scheme assets and liabilities expressed as a percentage of assets and liabilities at the Balance Sheet date are as follows:

33 Cash Flow Statement

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

	2015/16 £'000	2014/15 £'000
Interest received	(9,772)	(9,803)
Interest paid	36,716	38,795
Dividends received	(2,049)	(1,842)

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

	2015/16 £'000	2014/15 £'000
Depreciation, impairment and downward revaluations	90,005	43,012
Amortisation	1,602	1,233
Increase/(decrease) in impairment for bad debt	-	-
(Decrease)/increase in creditors	(15,021)	(7,784)
(Increase)/decrease in debtors	(4,622)	(27,965)
(Increase)/decrease in inventories	(107)	465
Movement in pension liability	11,867	15,452
Contributions to/(from) Provisions	(3,547)	(11,519)
Other non-cash items charged to the net surplus or deficit On the provision of services	(4,593)	58,701
Net cash flows from non-cash movements	**75,584**	**71,595**

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

	2015/16 £'000	2014/15 £'000
Capital grants credited to surplus or deficit on the provision of services	(59,572)	(56,754)
Net adjustment from the sale of short and long term investments	-	-
Premiums or discounts on the repayment of financial liabilities	-	-
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(32,243)	(21,687)
	(91,815)	**(78,441)**

34 Cash Flow Statement - Investing Activities

	2015/16 £'000	2014/15 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(167,862)	(150,010)
Other (payments)/receipts for investing activities	(40,315)	61,687
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	32,243	21,687
Decrease in/(proceeds from) short-term and long-term investments	97,000	16,476
Net cash flows from investing activities	**(78,934)**	**(50,160)**

35 Cash flow Statement - Financing Activities

	2015/16 £'000	2014/15 £'000
Cash receipts of short- and long-term borrowing	2,000	-
Repayments of short- and long-term borrowing	-	-
Other payments/(receipts) in respect of financing activities	10,534	(1,703)
Net cash flows from investing activities	**12,384**	**(1,703)**

36 Related Parties

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

Council members and Strategic Directors have been asked to provide information regarding related party transactions. From the information received, it is believed that there have not been any significant transactions involving these counterparties during the year.

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

Name	Nature of Council relationship	Profit/(loss) for period	Net assets/ (liabilities)	Transactions with the Council	Nature of transactions	Balances owed to / (from) the Council as at 31 3 2016	Future financial support expected in 2016/17	Key risks identified
Bristol Waste Company	100% subsidiary The Council's City Director (N Yates) is also a director of this company	£2m per unaudited accounts as at 31 March 2016	£8m per unaudited accounts as at 31 March 2016	£15.1m payments by Council to company	Contract for waste collection and recycling services	Nil	Nil – payments are made for work done in line with contract terms	Low risk – company is trading profitably and delivering services as agreed
Bristol Holdings Limited	100% subsidiary The Council's City Director (N Yates) is also a director of this company	£0.1m loss per unaudited accounts as at 31 March 2016	£2.9m per unaudited accounts as at 31 March 2016	£6.5m payments by Council to company	Payments for shares issued during the year	Nil	See below	See below
Bristol Energy Limited	100% subsidiary of Bristol Holdings Limited The Council's City Director (N Yates) is also a director of this company	£3m loss per unaudited accounts as at 31 March 2016	£0.7m per unaudited accounts as at 31 March 2016	Nil directly - see above	Share capital purchased by Council in holding company has (and will) be used to support Bristol Energy	Nil	Further funding may be required until the company reaches break even point	Key risk is the company's ability to attract and retain customers in a competitive market
Bristol is Open Limited	50/50 joint venture with Bristol University The Council's City Director (N Yates) is also a director of this company	£57,000 loss per unaudited accounts as at 31 March 2016	(£57,000) per unaudited accounts as at 31 March 2016	£88,000 payment by Council to company	Council's share of trading losses to date	Nil	Further funding may be required if the company continues to trade at a deficit	Low risk – sums involved are not significant in the context of the Council's overall net budget.

Destination Bristol	Company is financially dependant on the Council	£17,000 per audited accounts to 31 March 2015	£99,000 per audited accounts to 31 March 2015	Payments to company by Council £950,878(1). Payments by company to Council £77,000.(2)	(1) Partnership grant funding (2) Purchases of goods and services	At 31 3 2015 the Council owed Destination Bristol £31,000 and Destination Bristol owed the Council £733,000	Ongoing support at similar levels is anticipated as the company carries out tourism and economic development activities on the Council's behalf.	Low risk as funding levels are not significant in the context of the Council's net budget overall.
Bristol Music Trust Limited	The Council's Cabinet member for culture (S Cook) was appointed a director of this company in February 2015.	£52,000 per audited accounts to 31 March 2015	£687,000 per audited accounts to 31 March 2015	Payments to company by Council £1,176,000 in 2015/16. Payments by company to Council £150,000.	Transactions represent loan instalment and repayment of loan. The Council also owns Colston Hall which it leases to the company at a peppercorn rent and carries out maintenance work as required.	Nil	Final loan instalment of £1,176,000 due in 2016/17. Repayments will continue at £150,000 per annum until the total loan debt of £7m has been repaid. Leasing arrangement with Colston Hall is expected to remain unchanged for the foreseeable future.	Low risk as funding levels are not significant in the context of the Council's budget overall.
Bristol 2015 Limited	The Council's City Director (N Yates) is also CEO of this company	£13,000 per unaudited accounts to 28 February 2016.	Nil per unaudited accounts to 28 February 2016.	£2.1m paid to the company by the Council in 2015/16	Council acts as accountable body for grant funding	Nil	Nil, unless further external funding is obtained	No financial risk to Council who is acting in the capacity of agent only

37 Contingent Liabilities

The City Council has received five separate applications from NHS bodies and trusts for mandatory charitable business rate (NNDR) relief. The applications are for 80% mandatory charitable relief backdated to 2010. The Council has sought legal guidance and, as a result, has declined all applications. If this is successfully contested by the NHS bodies, the cost to the City Council would be an estimated £10.8m.

The audit of the 2014/15 housing benefit claim resulted in the Department of Work and Pensions reclaiming £1.1m of housing benefit. As a result of this the Council has put a number of measures in place to avoid a similar occurrence going forward. These include a full health check within the department and the recruitment of additional resources. However, it is possible these improvements may not have captured a full year effect. If the outcome of this year's audit results in similar issues there could again be a potential reclaim of housing benefit of up to £1m.

Bristol North Swimming Baths: A former contractor is claiming against the Council for alleged breach of contract following termination a contract in December 2015. The Council does not accept any liability in this regard and intends to defend any legal claims arising.

The Council has provided operational guarantees on behalf of one of its wholly owned subsidiaries (see Note 36). The guarantees limit the Council's financial exposure to £2.4m . To date none of the conditions or events which would lead to a liability arising from either of these guarantees has occurred.

The Council has £120 million of Lender Option Borrower Option loans (LOBOs), taken out between 1997 to 2012 and with terms of 20 to 60 years. Information on the Council's borrowings, including LOBO loans, is included in Note 22. A number of local authorities, including this Council, have received objections from local electors as to the lawfulness of local authorities obtaining borrowings through LOBO loans. Whilst the LOBO loans held by this Council have not currently been found to be unlawful, there is ongoing analysis of LOBOs generally by councils affected, their auditor and specialist lawyers. The law in relation to this matter is complex and there is uncertainty as to what the consequences could be should a local authority have obtained borrowing through a LOBO that was found to be unlawful. In the event of a LOBO loan being found to be unlawful, restitutionary remedies may result in the outstanding balances on these loans having to be repaid in full to the lender and may result in additional costs resulting from losses incurred by the lender.

38 Trust Funds

2014/15				2015/16		
Income	Exp	Assets		Income	Exp	Assets
£000	£000	£000	Name	£000	£000	£000
			Trust funds for which the Council is custodian trustee			
177	121	65	Bristol Museums Development Trust	306	213	158
			Other funds managed by the Council			
-	-	38	Funds invested on behalf of Bristol Adult Care	-	-	39
-	-	32	Funds invested on behalf of Bristol CYPS	-	6	26
177	**121**	**135**		**306**	**219**	**223**

The Council administers funds on behalf of Bristol Adult Care. These are a mixture of bequests and sums held in trust for vulnerable adults.Surplus funds are invested with the Council at 0.36% rate of interest.

The Councils administers funds of Bristol Children and Young Persons Service. The funds are held in trust for young people in care. Surplus funds are invested with the Council at 0.36% rate of interest.

HRA Income and Expenditure Statement

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

	Note	2015/16 Net £'000	2014/15 Net £'000
Expenditure			
Repairs and maintenance		32,346	31,729
Supervision and management		24,817	22,855
Special services		13,095	14,048
Rent, rates, taxes and other charges		1,242	1,463
Depreciation and impairment of non-current assets	4	7,022	(22,307)
Debt management		85	83
Debt write offs and movement in the allowance for bad debts		1,842	2,123
Total expenditure		**80,449**	**49,994**
Income			
Dwelling rents	2	(114,971)	(111,967)
Non-dwelling rents		(940)	(989)
Charges for services and facilities		(8,028)	(7,995)
Contributions towards expenditure		(30)	(17)
Total income		**(123,969)**	**(120,968)**
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		**(43,520)**	**(70,974)**
Net cost of HRA services		**(43,520)**	**(70,974)**
(Gain)/loss on sale of HRA non-current assets		(10,210)	(11,503)
Movement in the Fair Value of Investment Properties		(2,798)	321
Interest payable and similar charges		11,227	11,227
HRA interest and investment income		(470)	(503)
Pensions interest costs and expected return on assets	5	1,737	2,796
(Surplus)/Deficit for the year on HRA services		**(44,034)**	**(68,636)**

Statement of movement on the HRA Balance

	Note	31 March 2016 Net £'000	31 March 2015 Net £'000
HRA balance brought forward		(39,602)	(45,322)
(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(44,034)	(68,636)
Adjustments between accounting basis and funding basis under statute		36,362	64,162
(Increase)/decrease before reserve transfers		**(7,672)**	**(4,474)**
Transfer from/to reserves		(2,163)	10,194
Net (increase)/decrease on HRA balance		**(9,835)**	**5,720**
HRA balance carried forward	11	**(49,437)**	**(39,602)**

Note to the statement of movement on the HRA Balance

	Note	31 March 2016 Net £'000	31 March 2015 Net £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
Depreciation and impairment of property, plant & equipment	4	7,022	(22,307)
Fair value movements on investment properties		(2,798)	321
Net charges made for retirement benefits in accordance with IAS19	5	5,654	8,262
Net (gain)/loss on disposal of assets		(10,210)	(11,532)
		(332)	**(25,256)**
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
Capital expenditure funded by the HRA	6	(121)	(144)
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	(3,574)	(6,263)
Transfer to Major Repairs Reserve	8	(4,662)	(5,294)
HRA depreciation to Major Repairs Reserve	8	(27,189)	(26,333)
Amortisation of premiums		(484)	(872)
		(36,030)	**(38,906)**
Net additional amount required by statute to be debited or credited to the HRA Balance for the year		**(36,362)**	**(64,162)**

1 Dwelling numbers as at 31 March 2016

	31 March 2016	31 March 2015
Houses		
1 Bedroom	9	9
2 Bedrooms	2136	2159
3 Bedrooms	9122	9221
4 or more Bedrooms	388	390
Total Houses	**11,655**	**11,779**
Bungalows		
1 Bedroom	352	352
2 Bedrooms	694	696
3 Bedrooms	26	26
4 or more Bedrooms	1	1
Total Bungalows	**1,073**	**1,075**
Flats		
1 Bedroom	6,499	6,528
2 Bedrooms	7,721	7,753
3 Bedrooms	436	438
4 or more Bedrooms	18	18
Total Flats	**14,674**	**14,737**
Total Dwellings held at 31 March 2016	**27,402**	**27,591**

2 Rent and Rent Arrears

The total value of dwelling rents in 2015/16, less rent attributable to empty properties (voids), is £115m (£112m in 2014/15). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc:

As at 31 March	**2016**	**2015**
	£'000	**£'000**
Former tenants	2,547	2,062
Current tenants	7,792	7,509
	10,339	**9,571**
Balance Sheet Provision		
Former tenants	2,379	2,062
Current tenants	5,760	5,132
	8,139	**7,194**

Vacant Possession

The vacant possession value of dwellings as at 1st April 2016 was £2.882bn The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £0.893bn, a difference of £1.989bn This difference reflects the economic cost of providing council housing at less than market rent.

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

In 2015/16 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

4 Depreciation and impairment

		2015/16	2014/15
		£'000	£'000
Depreciation			
Operation	- Dwellings	27,189	26,333
	- Other, including leased	491	272
Total depreciation		**27,680**	**26,605**
Impairment		-	1,054
Reversal of impairment losses		(20,658)	(49,966)
Total depreciation and impairment		**7,022**	**(22,307)**

Impairment

The reversal of an impairment loss previously recognised of £21m has been credited to the surplus on provision of Services (2014/2015: £50m). This £21m relates to the revaluation of HRA Council Dwellings.

5 HRA Share of Contributions to/from Pension Reserve

For 2015/16 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £1,737k (2014/2015 £2,796k). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of (£5,654k) (2014/2015 (£8,262k)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £3,574k (2014/2015(£6,263k)) with the net movement on the Pension reserves of £2,079k (2014/15 £1,998k). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see note 32.

6 Capital Expenditure and financing

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

Expenditure	2015/16	2014/15
	£'000	£'000
Dwellings	42,584	30,288
Other Land and Buildings	-	188
	42,584	**30,476**

Financing	2015/16	2014/15
	£'000	£'000
Usable capital receipts	5,384	439
Revenue contributions to capital	121	144
Major Repairs Reserve	37,079	29,893
	42,584	**30,476**

7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £19.6m (£19.3m in 2014/15). The receipts are summarised as follows:

	2015/16 £'000	2014/15 £'000
Receipts unapplied brought forward - 1 April	27,963	12,336
Right to Buy sales	10,197	11,857
Mortgage repayments	11	29
Disposal of Land and Buildings	9,469	7,407
	47,640	**31,629**
Allowable reductions		
Repaid to DCLG	(2,459)	(1,878)
Capital receipts applied	(5,383)	(440)
Receipts used to finance to General Fund capital		(1,348)
Capital receipts unapplied carried forward - 31 March	**39,798**	**27,963**

8 Major Repairs Reserve

	2015/16 £'000	2014/15 £'000
Balance brought forward - 1 April	**(7,050)**	**(5,316)**
Capital expenditure (dwellings)	37,079	29,893
Major Repairs Allowance set aside in year	(27,189)	(26,333)
Excess depreciation credited to Statement of Movement on HRA Balance	(4,662)	(5,294)
Non dwellings impairment		
Balance carried forward - 31 March	**(1,822)**	**(7,050)**

Depreciation has been calculated in accordance with our accounting policies for all HRA assets. We have used the Keystone component accounting information for Dwelling as a proxy for component accounting and Corporate Asset Management system for Non-Dwelling.

The MRA was £31.8m for 2015.16 (2014/2015 - £31.6m). £27.2m of this was used to finance appropriate Housing Revenue Account capital expenditure.

9 Balance Sheet Value of Land and Houses, etc

	2015/16 £'000	2014/15 £'000
Dwellings	893,392	866,041
Land	14,482	8,168
Other assets	21,518	13,700
	929,392	**887,909**

10 Asset Split

	2015/16 £'000	2014/15 £'000
Operational - dwellings	893,392	866,041
Operational - other land and buildings	29,110	17,659
Non-operational	6,890	4,209
	929,392	**887,909**

11 Reserves

The details of reserves and provisions held within the HRA (excluding those already shown in Note 18 above) are summarised as follows:

	2015/16 £'000	2014/15 £'000
Reserves		
HRA balance	49,437	39,602
Other reserves		
Furniture Packs	874	691
CCTV	356	405
Energy efficiency	2,425	1,768
Single Change Programme	7,047	10,000
Other	1,616	1,616
Sub-total other reserves	12,318	14,480
Total reserves	**61,755**	**54,082**

Collection Fund

Collection Fund Income and Expenditure Account

31 March 2015					31 March 2016		
£'000	£'000	£'000			£'000	£'000	£'000
Business Rates	Council Tax			Note	Business Rates	Council Tax	Total
			Income				
-	195,553	195,553	Council Tax	2	-	202,667	202,667
209,982	-	209,982	Non- Domestic Rates	3	209,099	-	209,099
			Transitional Protection Payment		2,707	-	2,707
			Contributions towards previous years Collection Fund deficit:				
2,727	-	2,727	Bristol City Council		3,931	-	3,931
56	-	56	Avon Fire Authority		80	-	80
2,783	-	2,783	Central Government		4,011	-	4,011
215,548	**195,553**	**411,101**			**219,828**	**202,667**	**422,495**
			Expenditure				
			Apportionment of Previous Year Surplus				
-	4,078	4,078	Bristol City Council		-	3,992	3,992
-	502	502	Avon & Somerset Police and Crime Commissioner		-	490	490
-	192	192	Avon Fire Authority		-	187	187
-	-	-	Central Government			-	-
-	4,772	4,772		4	-	4,669	4,669
			Precepts, Demands and Shares				
102,419	-	102,419	Central Government		103,677	-	103,677
101,368	160,076	261,444	Bristol City Council		101,604	169,022	270,626
-	19,709	19,709	Avon & Somerset Police and Crime Commissioner		-	20,819	20,819
2,054	7,510	9,564	Avon Fire Authority		2,074	7,933	10,007
205,841	187,295	393,136			207,355	197,774	405,129
			Charges to Collection Fund				
2,521	1,783	4,304	Write offs of uncollectable amounts		2,414	1,673	4,087
(659)	54	(605)	Increase/ (Decrease) in Bad Debt provision		107	408	515
723	-	723	Costs of Collection Allowance		721	-	721
5,619	-	5,619	Disregarded Amounts		2,185	-	2,185
3,514	-	3,514	Decrease provision for appeals/ back-dated appeals		(2,916)	-	(2,916)
11,718	1,837	13,555			2,511	2,081	4,592
(2,012)	**1,649**	(363)	**Surplus / (Deficit) for the Year**		**9,962**	**(1,857)**	**8,105**
(7,464)	5,617	(1,847)	**Surplus / (Deficit) as at 1 April**		(9,475)	7,266	(2,210)
(9,476)	**7,266**	**(2,210)**	**Surplus / (Deficit) as at 31 March**		**486**	**5,409**	**5,895**

1 General

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

2 Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 119,116 for 2015/16 (115,008 for 2014/15). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of Council Tax for a Band D property of £1,660.39 for 2015/16 (£1,601.92 for 2014/15) is multiplied by the proportion specified for the particular band to give an individual amount due.

Calculation of the Council Tax Base used in setting the 2015/16 Council Tax:

	BANDS									
	A Entitled to Disabled Relief	A	B	C	D	E	F	G	H	Total
No of Properties	-	49,159	71,987	37,934	17,417	9,361	4,686	2,817	331	193,692
Exemptions and disabled relief	29	- 1,224	- 1,216	- 1,185	- 1,037	- 885	- 164	- 43	- 42	- 5,767
Less Discounts	- 6	- 5,884	- 5,769	- 2,674	- 1,042	- 472	- 198	- 122	- 17	- 16,184
Total Equivalent Dwellings	23	42,051	65,002	34,075	15,338	8,004	4,324	2,652	272	171,741
Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D Equivalents	13	28,034	50,557	30,289	15,338	9,783	6,246	4,420	544	145,223
Add Changes re: Additional Properties										0
Additional Exemptions										0
Council Tax Support										-24,293
Adjustments to reflect Discretionary Discounts										-1,814
Rate of Collection 98.5%										
Council Tax Base										119,116

3 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. Every non-domestic property has a rateable value, which is determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was 1 April 2008 and the new revaluations came into effect on 1 April 2010. The next valuation is due in 2017.

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

In 2015/16 the non-domestic rating multiplier was 49.3p (48,2p in 2014/15) and the small business non-domestic rating multiplier was 48.0p (47.1p in 2014/15).

In 2013/14 the Regulations concerning NNDR changed such that the City Council is now responsible not only for collection of rates due from the ratepayers in its area but also for redistribution of the sums paid according to the following percentages: Central Government: 50%; Bristol City Council: 49%; Avon Fire Authority: 1%.

The NNDR income after reliefs and provisions of £211,806m for 2015/16 (£209,982m for 2014/15) was based on an average rateable value for the City Council's area of £538.853 for the year. The total rateable value at 31 March 2016 was £539.515m (£538,191m at 31 March 2015).

4 Collection Fund surpluses/(deficits)

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

Council Tax	**Total**	**Bristol City Council**	**Police Creditor**	**Fire Creditor**
	£'000	**£'000**	**£'000**	**£'000**
Debtors	11,939	10,204	1,257	478
Bad Debt Allowance	(5,644)	(4,824)	(594)	(226)
Prepayments & Overpayments	(3,616)	(3,090)	(381)	(145)
Surplus / (Deficit) at 31 March	5,409	4,623	569	217

Business Rates	**Total**	**Bristol City Council**	**Central Government Debtor**	**Fire Debtor**
	£'000	**£'000**	**£'000**	**£'000**
Debtors	4,627	2,267	2,314	46
Bad Debt Allowance	(1,652)	(809)	(826)	(17)
Prepayments & Overpayments	(10,858)	(9,322)	(1,506)	(30)
Appeals Provision	(14,680)	(7,193)	(7,340)	(147)
Surplus / (Deficit) at 31 March	486	(876)	1,336	26

5. City Region Deal Growth Disregard

From 2015/16, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise area and Enterprise Zone. The growth is transferred to the Council's General Fund before being pooled with other participating authorities. In 2015/16 the transfer of City Deal Growth Disregard to the General Fund was £281k.

City Region Deal

Background

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.
A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2015. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

Transactions

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

- Tier 1: to ensure that no individual 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. The expenditure and revenue recognised in the Council's CIES is disclosed under expenditure and revenue in the table below.

	CASH TRANSACTIONS		REVENUE AND EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
Funds held by BRP at 1 April	(3,540)	(2,570)	-	-
Receipts into the Pool in-year				
- Growth sums payable by councils to BRP in-year	(16,621)	(1,579)	1,579	-
Distributions out of the Pool in-year				
-Tier 1 no worse off	7,635	714		(714)
-BRP management fee	44	11		-
-EDF management fee	55	14		-
-Tier 2 EDF Funding	1,000	264		(1,000)
-Tier 3 demographic and service pressures	1,974	543	-	(334)
Funds held by BRP at 31 March	**(9,453)**	**(2,603)**		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(9,453)	(2,603)	(443)	n/a
Committed cash (Tier 3)	0	0	n/a	n/a
	(9,453)	**(2,603)**		
Expenditure / (Revenue) recognised			**1,136**	**(2,048)**

As stated under the accounting policies, growth paid over to the BRP is recognised as expenditure by each council to the extent that the use of the funds by the BRP has been committed. Uncommitted cash is recognised by each council as a debtor.

The uncommitted cash of £2,602k contributed by the council and held by the BRP is recognised by the council as a debtor and is held in a new earmarked reserve to smooth the impact of City Region Deal transactions, and match the release of revenue support and charges for projects. The differences between the cash transactions value of £2.603m and the revenue amounts of £443m is equivalent to the uncommitted funds held at 1 April 2015. Similarly the difference between the cas amounts disbursed by the pool of £1.546m and the expenditure recognised by the council of £1.136mrelates to the committed funds held at 1 April 2015. The BRP has made one payment Of £1m to Bristol City Council on behalf of the EDF in 2015/16 (2014/15 £nil).

The Council itself has recognised revenue income of £2.048m (2014/15 £2.445m) from the BRP and expenditure of £1,136(2014/15 £2.573m) to the BRP for the year.

GLOSSARY OF TERMS

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

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

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

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

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

ACTUARIAL VALUATION - Every 3 years a review is carried out by the actuary on the Pension Fund's assets and liabilities reporting to the Council on the Fund's financial position and recommended employers' contribution rates.

AMORTISATION - The writing off of a loan balance over a period of time to revenue.

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

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

BAD DEBT PROVISION - An amount set aside to cover money owed to the Council where it is considered doubtful payment will be received.

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

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

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

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

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

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

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

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

CARRYING AMOUNT/ CARRYING VALUE - These terms refer to the capitalised cost of a non current asset, less accumulated depreciation and impairment.

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

CODE - The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

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

COMPONENTISATION - The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

CONSUMER PRICE INDEX (CPI) - The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

CONTINGENT ASSET - A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITIES - Sums of money that the Council will be liable to pay in certain circumstance, e.g. as a result of losing a court case.

COUNCIL TAX - A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE - An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to ascertain the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

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

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

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

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

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

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

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

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

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

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

EXTERNAL AUDITOR - The auditor appointed by the Audit Commission to carry out an audit of the Council's accounts. The current auditor is BDO.

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

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

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

PROPERTY, PLANT & EQUIPMENT - These are assets that yield benefits to the Council and the services it provides for a period of more than one year.

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

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

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

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

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

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

INCOME & EXPENDITURE ACCOUNT - This is the Council's main revenue account. It summarises the income received from Council Tax and business rates, grants and fees and charges along with the associated expenditure on services provided.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - Since 1 April 2010, local authorities are required to adopt a code of practice based on an internationally agreed set of financial rules, referred to as International Financial Reporting Standards (IFRS). These dictate a greater level of analysis and disclosure than previous requirements to allow readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RETAIL PRICE INDEX (RPI) - The measure of inflation used prior to the adoption of CPI by the Government.

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

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

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

REVENUE SUPPORT GRANT (RSG) - The main grant paid to a local authority by Central Government to help fund the cost of its services.

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

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

TRUST FUNDS - Funds administered by the Authority for such purposes as prizes, charities and specific projects.

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

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

WORK IN PROGRESS - The value of work(s) that have been completed or are partially complete at the end of the accounting period that should be included in the financial statements.