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South Gloucestershire Council

South Gloucestershire Council

Draft Annual Financial Report

2025/26

You can obtain additional copies of this report by writing to the Head of Corporate Finance at: South Gloucestershire Council, PO Box 1953, Bristol BS37 0DB or by telephoning (01454) 865715

Contents

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Statement of Responsibilities

The council'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 South Gloucestershire Council that officer is the Service Director - Finance and Chief Financial Officer who is Chief Financial Officer;
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets, and
- approve the Statement of Accounts.

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practice as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy)/LASAAC (Local Authority Accounts Advisory Committee) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

Certification of the Accounts by the Chief Financial Officer

In accordance with the Accounts and Audit (Amendment) Regulations 2022, and the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts for 2025/26 give a true and fair view of the financial position of South Gloucestershire Council as at 31 March 2026 and its income and expenditure for the financial year ended 31 March 2026.

Joss Convey, ACMA
Service Director - Finance & Chief Financial Officer

Date: <> November 2026

Approval of the Statement of Accounts

I certify that the Statement of Accounts for the year ended 31 March 2026 was approved by the Audit and Accounts Committee at its meeting on <> November 2026.

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Chair of the Audit and Accounts Committee

Date <> November 2026

South Gloucestershire Council

2025/26

Statement of Accounts

Narrative Report

This report provides the context for the council's financial statements and demonstrates how the council has delivered the economical, efficient, and effective use of its resources during 2025/26.

1. INTRODUCTION

South Gloucestershire Council was established in 1996, covering a diverse and growing area from the Severn Estuary to the edge of the Cotswolds, and including the communities to the north and east of Bristol. It is a place where people value strong communities, access to green spaces, and opportunities to live well. It is also one of the region's most productive economic areas, with a nationally significant cluster in aerospace, advanced engineering and manufacturing, contributing to both local prosperity and the wider UK economy.

The population of South Gloucestershire, based on the latest Office for National Statistics (ONS) mid-2024 estimates, is approximately 306,300. The population is projected to continue to grow over the long term, reaching approximately 375,000 by 2047 (ONS, 2022-based Population Projections).

This growth will bring opportunities but also challenges, including a significant increase in older residents and changing demands on services. Responding to this changing population will be central to ensuring that all residents can live healthy, independent lives.

The council plays a vital role in supporting and enabling a fairer, greener future for South Gloucestershire. It delivers a wide range of services, from statutory responsibilities such as education, adult social care and waste collection, to wider work that helps shape places and communities, including regeneration, leisure, and cultural opportunities. Alongside this, the council works in partnership with residents, communities and organisations to reduce inequalities, support people to thrive, and create sustainable, well-connected places.

To meet the needs of a growing and changing population, the council is committed to finding innovative ways to deliver services, make best use of resources, and improve outcomes. This includes embracing new approaches, technology and ways of working to respond to challenges, support prevention, and deliver long-term value for residents.

Like all councils, South Gloucestershire operates in a challenging financial and policy environment, with increasing demand for services and limited resources. This requires a clear focus on priorities, making best use of resources, and working collaboratively to deliver sustainable solutions for the future.

2. AIMS, OBJECTIVES and ACHIEVEMENTS

The council plan is our overarching strategy for the council. It sets out the key actions we will take from 2024 to 2028 to achieve the best for our residents and communities. In addition, there is a 10-year vision to ensure all decisions are made with the future in mind. Grounded in hundreds of conversations with local people, it explains how we will play our part in creating a fairer, greener future for our area.

The plan has 5 core goals:

1. We will Respond to the climate and nature emergency
2. We will Help reduce inequalities
3. We will Support children and young people to thrive
4. We will Support wellbeing and independence in our communities
5. We will Build better places with secure affordable housing and good sustainable transport links

To make sure that we are transparent and accountable we have a performance framework, and progress is reported every 6 months over the 4-year period of the plan. You can read the plan at www.southglos.gov.uk/councilplan. Some key achievements across those goals are set out below.

We will respond to the climate and nature emergency

- We are actively delivering on our commitments to address the climate and nature emergency - turning plans into meaningful progress that benefits both our environment and our communities.

- We are embedding climate and nature policies into our new draft Local Plan, ensuring that sustainability is at the heart of future development, laying the groundwork for long-term environmental resilience. Examination hearings for the new Local Plan commenced on 19th May 2026 and will run until 16th July 2026.

- We have made significant progress across multiple schemes as we transition from the delivery associated with The West of England Combined Authority (WECA) funded 'Increasing Canopy Cover project' and acquiring sites at Frampton End Farm to new projects that are gaining pace such as linking the levels, Making Space for Water and Thriving Waters. The Launch of our iCaN portfolio should hopefully start to nurture a step change in funding and delivery.

We will help reduce inequalities

- Tackling inequality requires both national action and strong local leadership. In South Gloucestershire, we are making meaningful progress by listening to our communities and delivering targeted support where it's needed most.

- Through our Community Conversations approach, we've increased our presence at local events, building stronger relationships and ensuring that residents' voices are heard and reflected in our work.

- We've attended events across South Gloucestershire to provide vital financial and energy advice, in partnership with Age UK and Warm & Well from Severn Wye. Residents received warm packs, electric blankets, LED lightbulbs, hygrometers, carbon monoxide alarms, and support vouchers. We also helped people apply for pension credit and the Household Support Fund, and arranged home visits to assess eligibility for grants and identify fall risks, which has made more homes safer. During Winter 2025/26 our Eat & Heat campaign, in partnership with Age Uk and Severn Wye offer our residents support with their energy and food bills through a range of methods including maximising income, reducing tariffs and making their homes more sustainable. Targeted campaign materials were sent to key community locations such as community centres, libraries and surgeries. We organised 20 pop-up support events at our One Stop Shops and Community Welcome Spaces in order to reach people where they are. We also launched a Good Neighbours campaign with Age UK encouraging people to check on their vulnerable neighbours and help them where they can, or refer to Age UK for support. The aim was to support those feeling isolated through the winter months and those in need of help but don't know who to ask.

We will support children and young people to thrive

- We are making strong progress in creating the conditions for children and young people in South Gloucestershire to flourish, through better schools, targeted support, and new care provision.

- We are enhancing our support for families. The first Family Hub in Patchway opened in April and includes an expanded offer. Parenting and Home Learning Environment sessions that meet the Department for Education (DfE) requirements will initially be provided by staff in early years and an external consultant until the substantive staff can be identified for training. The expanded offer also includes outreach worker support to provide advice on childcare, support for children with Special Educational Needs and Disabilities (SEND) through Dingley's Promise and debt and welfare advice.

- More children are benefiting from funded childcare from an earlier age – 8217 children are accessing funded places (based on actual claims up to December 2025). Our sufficiency survey identified nine wards where there are insufficient childcare places for all early year's age groups. Five schools have been successful in their bids for funding to create nursery classes and we will be supporting schools to enable this increase in places to happen.

- To help improve quality in early years settings including reception, amongst other things, we have reviewed Transition processes from early years into reception, supporting children with SEND joining reception classes with appropriate transition arrangements. We previously commissioned an outreach worker to provide support to families and settings to enable children with SEND to access their full childcare entitlement through Dingley's Promise and are beginning to see the impact of that. Nine families were supported across the first three months as well as seven stay and play sessions. In one family case study, one child was successfully supported to transition into an early years setting in a regulated way using consistent resources between home and school.

- There is increased focussed on addressing inequalities. The Disadvantaged strategy implemented from the start of 24/25, to address inequalities in outcomes between pupil premium children and the rest, is already showing impact with a reduction in the gap in outcomes at the end of 24/25 for pupil premium children with their peers in the primary schools participating.

- New programmes in the Employment and Skills Service, Youth Guarantee and Connect to Work have been secured to support skills development across South Gloucestershire. The Youth Guarantee programme specifically supports young people aged 18 – 21 in Kingswood and other areas of the East Fringe. The West of England Combined Authority (WECA) Local Growth Plan and the South Gloucestershire Regeneration Strategy will inform skills development for local jobs.

We will support wellbeing and independence in our communities

- Mental health remains a priority, with strengthened partnership working across adult and children's services. Progress includes the development of the new Adult Mental Health Collaborative, expansion of early intervention activity, and full secondary school coverage of Mental Health Support Teams by the end of the academic year.

- Our work to support active lifestyles and community wellbeing has advanced through the development of the Active Wellbeing strategy, leadership programme and community-based funding. These initiatives are helping to embed physical activity and wellbeing into everyday life across communities.

- We have developed an Active Wellbeing Fund as part of the Sport England Place Universal Offer, in partnership with Wesport (Community Sports Partnership), the Council and Circadian Trust. It has been designed to enable and strengthen community-led approaches that promote physical activity, movement, and wellbeing across South Gloucestershire. By focusing investment at the community level, the partners aim to enable flexible, place-based solutions that reflect local needs, priorities, and assets.

- We have introduced a Carers break priority: Following planning and engagement with carers an innovative pilot carer break scheme launched and is in pilot phase. Focusing on carers of people living with dementia, the service is delivered through a collaboration of Voluntary, Community and Social Enterprise (VCSE) organisations and regulated care providers. Once joined up to the scheme, carers have flexibility to book a small amount of support so they can attend to their own appointments etc. and take some leisure time.

We will build better places

- We're investing in major improvements to South Gloucestershire's highways and active travel infrastructure, laying the foundation for a more connected, accessible, and sustainable district. We're taking important steps to ensure that housing in South Gloucestershire meets the needs of our communities, both now and in the future, while supporting sustainability and quality of life.

- Construction is progressing on key schemes, including the A38 and A432 Corridor projects. These will improve safety and support more reliable journeys for everyone, whether by car, bike, bus, or on foot.

- We are working closely with the West of England Combined Authority through the Transforming City Region programme, including the submission of a Local Transport Delivery Plan to the Department for Transport that sets out funding for mass transit, public transport, rail and active travel, alongside feasibility funding to bring forward future schemes. Sustainable travel is being embedded early at Brabazon, with MetroBus services rerouted through the heart of the site and Brabazon station on track for completion later this year, while Charfield station is progressing well towards completion in early 2027.

- Our new draft Local Plan will be subject to its Examination hearings from 19 May to 16th July 2025. These phase marks another key milestone in shaping how and where new homes will be built across the district. Once adopted, the Local Plan will guide development in a way that meets local housing needs while protecting the environment and supporting sustainable communities.

- New Affordable Housing plays an important role in terms of reducing the number of households in temporary accommodation and providing secure homes for those in the greatest need. We secured 535 Affordable homes in 2025/26, exceeded our delivery 2025/26 target of 450.

- Alongside planning for new homes, we're working with Housing Associations to improve the quality and energy efficiency of existing housing. For example, Bromford have achieved EPC 'C' rating in 88% of their homes, exceeding the KPI target of 80% for 2025/26. The Council and Bromford have worked on a pilot to carry out a deep retrofit of 4 Bromford homes which is nearing completion.

- These improvements help reduce carbon emissions and lower energy bills.

During 2025/26 the council continued to secure significant inward investment and has improved local infrastructure and transport routes as part of regional initiatives. Other key achievements include the following:

- Contract award for the construction of Thornbury Health Centre
- Completion of Castle School Maths and Science Block
- Completion of the majority of construction work associated with the Avonmouth Severnside Enterprise Area Ecology Mitigation and Flood Defence Project
- Successful implementation of the second stage Enterprise Resource Planning software

Lyde Green Primary and Secondary School

3. FINANCIAL PERFORMANCE

Revenue

Total gross expenditure on council services (including schools) as reported in the outturn position to Cabinet in July 2026 was £835m in 2025/26 (£790m in 2024/25). The net cost of services was £3m overspent compared to budget as shown below:

2025/26 Net Expenditure	Agreed budget £m	Year-end outturn £m	Variance Over/(-) under £m
People	220	230	10
Place	43	44	1
Resources and Business Change	67	59	(8)
TOTAL NET SPENDING	**330**	**333**	**3**

During 2025/26 the council experienced in-year pressures from increasing demand for adult social care, housing support, continued inflationary, price and demand pressure. Prudent planning and contingency were set aside in recognition of these risks early on within corporate budgets. These contingencies together with management actions limited the in-year overspend to £3m, which will be funded from the Financial Risk Reserve.

Capital

Capital investment in 2025/26 totalled £152.9m against an approved budget of £198.7m, This underspend was mainly a result of slippage on several projects including highways maintenance and improvement schemes, maintenance and repairs. Major items of capital expenditure included:

- £26.7m on construction of the new Lyde Green Primary and Secondary Schools
- £21.9m on City Region Sustainable Transport Settlement (CRSTS) schemes on the A38
- £17.5m on City Region Sustainable Transport Settlement (CRSTS) schemes on the A1474 / A432
- £15m on Charfield Station
- £9.5m on Phase 2 of the Avonmouth Severnside Enterprise Area (ASEA) Ecology Mitigation and Flood Defence Project.
- £8.8m investment in highways maintenance & improvements
- £6.1m on Abbeywood School permanent expansion
- £2.1m on the Integrated Finance and HR (ERP) System
- £1.7m on ICT infrastructure
- £2.7m M49 link road junction

Capital investment was primarily funded from government grants totalling £115.7m, CIL and S106 reserves of £13.6m and unsupported borrowing totalling £15m, with capital receipts of £1.5m, and revenue contributions of £6.4m.

Abbeywood School permanent expansion

The council plans to deliver an ambitious capital programme in the next four years, as shown below:

	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Area of expenditure:				
Department for People	19,923	10,926	33,059	10,353
Department for Place	76,053	32,708	23,523	14,002
Department for Resources and Business Change	19,568	3,135	2,685	2,685
CRSTS Funded Schemes	65,229	3,896	391	0
EDF Funded Schemes	5,606	275	4,004	0
TOTAL	**186,379**	**50,940**	**63,662**	**27,040**
Expected funding:				
Capital grants and contributions	151,223	40,239	41,788	16,540
Prudential borrowing	10,086	7,210	1,331	2,475
Other funding	25,070	3,491	20,543	8,025
TOTAL	**186,379**	**50,940**	**63,662**	**27,040**

Cash Flow Management

The council has a comprehensive cash flow and treasury management system designed to ensure that surplus cash is invested wisely, that any new external borrowing represents value for money, and that it has sufficient cash in hand to meet its liabilities as they fall due.

Cash and cash equivalents at 31 March 2026 were £29m, an increase of £13m compared to 31 March 2025.

Balance Sheet Position

The council continues to maintain a strong balance sheet position:

	at 31 March 2026 £m	at 31 March 2025 £m
Long term assets	1,098	1,029
Current assets	189	148
Current liabilities	(207)	(175)
Long-term liabilities	(183)	(204)
NET ASSETS	**897**	**798**
Represented by:		
Usable reserves	(275)	(224)
Unusable reserves	(622)	(574)
TOTAL	**(897)**	**(798)**

- The increase in long term assets is a result of movements in the value of property plant and equipment, and infrastructure assets during 2025/26 with revaluations (£29m), Depreciation (-£44m), disposals (-£28m) and additions (£114m) accounting for the majority of the movement
- Long term liabilities have fallen following the repayment of long term borrowing totalling £8m and a reduction in the pension liability of £6m
- The council's liability for future staff pensions has reduced to £20m and whilst significant only remains in deficit due to a technical accounting adjustment. This adjustment is a requirement of the international accounting standards (IAS19).
- Provisions are set aside for business rating appeals (£14m), for future costs associated with the closed landfill site at Harnhill (£1m) and for insurance (£2m).
- External borrowing mostly comprises PWLB loans taken out over periods of up to 50 years at preferential rates with the option of 100% rollover on maturity.
- Other long-term liabilities largely relate to the council's share of debts owed by Avon County Council prior to reorganisation.
- The council is also party to a £100m guarantee in respect of Home Group Ltd. (previously North Housing Association) in respect of which it has a first charge over several properties. This potential liability is not included in the Balance Sheet given the unlikelihood of it being called in.
- Usable reserves include £1m held on behalf of schools and £19m working balances to cover short term cash flow fluctuations, budget overspends and other contingencies, which is considered in conjunction with the Financial Risks Reserve. Other usable reserves have been earmarked for capital investment or to support service improvements.
- Unusable reserves cannot be used to fund council expenditure and are held to meet statutory or accounting requirements.

Group Activities

In 2018/19 the council purchased Bristol and Bath Science Park, which is included on the Balance Sheet as Investment Property. This 59-acre site provides office accommodation, meeting rooms and workspace. As part of the transaction the council also acquired ownership of the Science Park estates management company, oversight of which is exercised by 100% control through director appointments. Since these transactions and balances are not significant in the context of the council's accounts, Group financial statements are not prepared.

4. FINANCIAL MANAGEMENT

The council approves a number of key documents before the start of each financial year:

- a capital strategy and 4-year capital programme.
- a treasury management strategy, setting out expected borrowing needs and investment income.
- a Financial Strategy, 10-year Medium Term Financial Plan, and an annual revenue budget.

These plans and strategies are continually updated and formally reviewed on a quarterly basis. Key financial indicators, known as "Prudential Indicators," are monitored and reported to members.

The budget agreed by Council on 19th February 2025 set out the council's Savings Programme which included the proposals from the Resource Allocation process. Savings, including service level changes totalling £11.4m were agreed for 2025/26. There were a further £7.5m savings brought forward from previous years where permanent solutions continued to be developed. At outturn, £9.4m had been achieved permanently.

Consultation with residents and businesses is a key part of the financial planning process. Feedback was collected via an online and paper copy survey, which was open from Monday, 27 October 2025 until Sunday, 21 December 2025. The consultation was widely promoted via social media and council newsletters. We also hosted in-person events where council officers and councillors were on hand to answer questions and direct people to the survey. There were 1,066 responses from residents, town and parish councillors and those representing voluntary and community organisations. This includes 324 responses 6 from the Viewpoint citizen's panel. In addition, we have received written representation from the Equalities Voice group. Budget themes is summarised below:

- While some residents accepted the need for a council tax increase, a far higher proportion were unhappy with the proposal.
- Residents expressed a mix of understanding, frustration and concern regarding the councils financial challenges and the necessity for difficult decisions.
- The proposed increase to green waste was contentious
- Respondants emphasised the importance of community meals for vulnerable individuals
- Broad support for seeking effecincies and investing to prevent long ternm costs
- Residents indicated strong preference for in-house service delivery
- Signifcant number of residents agreed with the principle of halting non-essential services
- Across most metrics residents were more likley to report a decline in services

Full Council took the decision to increase Council Tax by 4.99% in 2026/27, inclusive of a 2% ring fenced precept for adult social care.

5. 2025/26 OUTTURN

The revenue outturn is reporting an overspend position of £3m for 2025/26 against a challenging 2025/26 budget. The budget included significant savings, of which £9.4m were permenently achieved. The in-year pressures outside of the council's direct control followed a similar theme to previous years and included increased demand for adult social care, home to school transport, housing support, and continued inflationary pressures. Similarly to 2024/25, the council acted as financial pressures were identified with continued spending controls, cost reduction workstreams, prudent planning, and contingency funding set aside in recognition of the risks.

6. LOOKING AHEAD

The council has set a balanced budget for 2026/27 through the use of reserves totalling £15.7m and has partially offset the 2027/28 budget gap of £12.7m by use of financial risk reserves, leaving a budget gap of £10.2m for the remaining two years. The underlying budget deficit over the 4 year period is £48.9m.

Risk Management

The council's Risk and Opportunity Management framework provides a clear and consistent process for identifying, assessing, managing, and reporting risks. These arrangements also cover partnerships, joint operations, and group activities. Key operational and strategic risks, together with any significant changes to governance arrangements, are set out in the Annual Governance Statement.

Comprehensive financial modelling ensures that all significant financial risks are identified and reflected in approved budgets and the Medium-Term Financial Plan. Key risks have been identified as follows:

- Planned savings will not be achieved or will be realised later than expected.
- Risk of overspending due to statutory pressures
- Aging estate portfolio with inadequate alignment of capital projects to council priorities
- Sufficieny of capital reciepts
- Rising construction costs.
- Sustained overspending to the high needs block from increasing demand

Going Concern

The Code of Practice for local authorities considers that because of the economic and statutory environment in which local authorities operate, they have no ability to cease being a going concern and therefore the financial statements are prepared on a going concern basis (other than in exceptional circumstances where services provided are to cease).

However, in preparing these accounts, full consideration has been given to the medium-term financial position of the council and the treasury management and liquidity forecasts, and this confirms the assessment of the council as a going concern.

Devolution – The West of England Mayoral Combined Authority

South Gloucestershire Council (along with Bath and North East Somerset and Bristol City Council's) is a constituent council of the West of England Mayoral Combined Authority (WECA). WECA was established under devolution deal with government to facilitate inward investment and strategic solutions to issues such as skills, jobs, infrastructure, and affordable homes.

North Somerset Council formally voted in May 2026 to join the West of England Combined Authority (WECA). The council is submitting its proposal to the government for legislative approval, and North Somerset is expected to become a full WECA member by late 2026 or early 2027

In 2023/24 the department for Ministry Housing and Lcoal Communities issued a best value notice to WECA as a result of ongoing concerns regarding professional relationship between the authority and constiuint members. The Notice requested that the Authority establish an independent improvement panel to support them in resetting culture and relationships, developing and agreeing strategic priorities for the West of England, and reviewing and updating the Authority's constitution to enable more effective decision-making and scrutiny processes.

Following engaged with the department , including external scrutiny and challenge throughout the period and the setting up an independent improvement panel to support their improvement journey and oversee progress, the department have withdrawn the best value notice

The West of England Strategic Framework

The West of England Strategic Framework was agreed by WECA Committee in Autumn 2024, and sets the following strategic vision for the region

'By 2040, the West of England will have a world renowned green economy that is creating new jobs for residents; the region will be more equal – with all residents having access to good homes, opportunities and services; and the region will be more prosperous with a healthier and happier population who are driving the region's success.'

To help deliver this vision for the future of the region there are five priorities for delivery.

- Creating a better-connected region, working towards a world-class transport system
- Delivering net zero and nature recovery
- Creating the jobs and training our region needs now and in the future
- Supporting sustainable communities that people are proud to call home
- Putting the West of England on the map for national and global success

Further information is available at: Our strategy - West of England Combined Authority

7. STATEMENT OF ACCOUNTS 2025/26

The Statement of Accounts which follow set out the council's income and expenditure for the year, and its financial position at 31st March 2026. The format and content of the statements is prescribed by CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom, which is based on International Financial Reporting Standards adapted for use in a public sector context. The Statement of Accounts comprises:

Comprehensive Income and Expenditure Statement (CIES)	This Statement shows the net cost of providing council services. The Expenditure Funding Analysis (Note 7) compares the CIES with the levels of income and expenditure which are taken into account when setting the annual budget and Council Tax, since certain non-cash items are disregarded by statute. Note 8 also provides the Expenditure and Income included in the CIES analysed by nature.
Balance Sheet	The Balance Sheet shows the council's assets and liabilities at the year end. Net assets are matched by reserves which may be "usable" or "unusable".
Movement in Reserves Statement	This Statement shows the movements in reserves during the year, and the different funds held by the council. "Usable" reserves are held to fund future expenditure, whereas "unusable reserves" are maintained to meet specific statutory responsibilities.
Cash Flow Statement	This Statement shows how the council generates and uses cash and cash equivalents and explains the reasons for changes in cash balances during the year.
Collection Fund	This account demonstrates how income raised from local taxpayers has been distributed to the council and to other precepting authorities for the provision of services.
Accounting Policies	Note 1 sets out the accounting policies that have been followed in preparing the accounts and how the Code requirements have been met in practice.
Annual Governance Statement	Reviews the effectiveness of corporate governance processes and systems of internal control. The Statement is signed by the council's Chief Executive and the Leader of the Council.
Disclosure Notes	These notes provide more detail about individual transactions and balances.

Policies and estimations of particular significance are:

Accounting for schools' assets	All land and buildings occupied by community schools, voluntary aided and voluntary controlled schools which are legally owned by the council are included in its balance sheet.
Fair Value measurements	Surplus assets, investment properties and long-term investments are included in the balance sheet at their current market value.
PFI contract	The council's waste management contract with Suez Recycling and Recovery UK Ltd is accounted for as a service concession.
City Region Deal	The council administers the Business Rates Pool for the City Region Deal and applies IPSAS 23 to this arrangement.
Property, Plant and Equipment (PPE)	All PPE is valued by RICS qualified employees in line with CIPFA Code and "red book" requirements. Operational assets are valued on a 5-year rolling programme, investment assets are revalued each year end.
Depreciation rates	Land is not depreciated. Depreciation is charged on other assets on a straight-line basis – up to 60 years for Buildings depending on the condition of the assets, 17-50 years for infrastructure assets and 3-10 years for Vehicles, Plant, and Equipment.
Rating appeals	Provision is made for the estimated cost of future rating appeals based on the number, value and success rate of appeals made to date.
Pension liabilities	Various assumptions are made by actuaries when calculating this liability concerning discount rates, pay price increases and pensioner longevity.

A Glossary of key terms can be found at the end of this publication.

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Joss Convey, ACMA
Service Director – Finance & S151 Officer
<> November 2026

Comprehensive Income and Expenditure Statement

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

2024/25				2025/26			
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**		**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**	**Note**
508,183	(291,304)	216,879	People.	561,568	(323,480)	238,088	
137,340	(29,138)	108,202	Place.	127,292	(26,301)	100,991	
144,437	(88,748)	55,689	Resources & Business Change.	104,062	(63,729)	40,333	
789,960	**(409,190)**	**380,770**	**Cost of Services**	**792,922**	**(413,510)**	**379,412**	
10,824	0	**10,824**	Parish Precepts.	11,704	0	**11,704**	
5,260	0	**5,260**	Levies.	5,987	0	**5,987**	
48,694	0	**48,694**	(Gains)/losses on disposal of non-current assets.	13,080	0	**13,080**	
64,778	**0**	**64,778**	**Other operating expenditure**	**30,771**	**0**	**30,771**	
11,900	0	**11,900**	Interest payable and similar charges.	10,358	0	**10,358**	13
3,495	0	**3,495**	Net interest on the net defined benefit liability/(asset).	789	0	**789**	35
0	(4,393)	**(4,393)**	Interest receivable and similar income.	0	(7,107)	**(7,107)**	
6,873	(9,234)	**(2,361)**	Income and expenditure in relation to investment properties and changes in their fair value.	5,669	(9,437)	**(3,768)**	12
0	(405)	**(405)**	Changes in the fair value of financial instruments.	161	(645)	**(484)**	
22,268	**(14,032)**	**8,236**	**Financing and investment income and expenditure**	**16,977**	**(17,189)**	**(212)**	
		(197,810)	Council Tax income.			**(210,199)**	
		(68,902)	Non-domestic rates income and expenditure.			**(70,321)**	
		(33,260)	Non-ringfenced Government grants.			**(36,641)**	28
		(75,591)	Capital grants and contributions.			**(174,357)**	8
		(375,563)	**Taxation and non-specific grant income**			**(491,518)**	
		78,221	**(Surplus)/Deficit on Provision of Services**			**(81,547)**	
		(22,787)	(Surplus) / Deficit on revaluation of property, plant, and equipment.			**(22,747)**	11
		2,906	Impairment losses on non-current assets charged to the Revaluation Reserve.			**2,797**	11
		(56,591)	Re-measurement of the net defined benefit liability.			**2,800**	19
		(76,472)	**Other Comprehensive Income and Expenditure**			**(17,150)**	
		1,749	**Total Comprehensive Income and Expenditure**			**(98,697)**	

Movement in Reserves Statement

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

2025/26	General Fund Balance	Earmarked Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2025	(19,011)	(136,114)	(155,125)	(503)	(68,037)	(223,665)	(574,808)	(798,473)
Movement in reserves in 2025/26								
Total comprehensive income and expenditure	(81,547)	0	(81,547)	0	0	(81,547)	(17,150)	(98,697)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(82,376)	0	(82,376)	(4,858)	(47,343)	30,175	(30,175)	0
Net (increase)/decrease before transfers to Earmarked Reserves	829	0	829	(4,858)	(47,353)	(51,372)	(47,325)	(98,568)
Transfers to/from Earmarked Reserves (Note 10)	(829)	829	0	0	0	0	0	0
(Increase)/Decrease in the year	0	829	829	(4,858)	(47,343)	(51,372)	(47,325)	(98,697)
Balance at 31 March 2026	(19,011)	(135,285)	(154,296)	(5,361)	(115,380)	(275,037)	(622,133)	(897,170)

2024/25	General Fund Balance	Earmarked Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(19,013)	(137,380)	(156.393)	(5,741)	(61,095)	(223,229)	(576,993)	(800,222)
Movement in reserves in 2024/25								
Total comprehensive income and expenditure	78,221	0	78,221	0	0	78,221	(76,472)	1,749
Adjustments between accounting basis and funding basis under regulations (Note 9)	(76,953)	0	(76,953)	5,238	(6,942)	(78,657)	78,657	0
Net (increase)/decrease before transfers to Earmarked Reserves	1,268	0	1,268	5,238	(6,942)	(436)	2,185	1,749
Transfers to/from Earmarked Reserves (Note 10)	(1,266)	1,266	0	0	0	0	0	0
(Increase)/Decrease in the year	2	1,266	1,268	5,238	(6,942)	(436)	2,185	1,749
Balance at 31 March 2025	(19,011)	(136,114)	(155,125)	(503)	(68,037)	(223,665)	(574,808)	(798,473)

Balance Sheet

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

31 March 2025 £'000		31 March 2026 £'000	Note
298,568	Infrastructure Assets	333,888	11
622,968	Property, Plant and Equipment	667,025	11
2,746	Heritage Assets	2,746	
60,682	Investment Property	60,892	12
12,121	Intangible Assets	12,158	
23,289	Long-term Investments	23,934	13
8,528	Long-term Debtors	8,510	16
1,028,902	**Long Term Assets**	**1,109,153**	
5,006	Short-term Investments	0	13
1,089	Inventories	1,109	
112,419	Short-term Debtors	147,611	16
12,881	Assets Held for Sale	0	11
16,496	Cash and Cash Equivalents	29,259	14
147,891	**Current Assets**	**177,979**	
(33,688)	Short-term Borrowing	(38,199)	13
(130,464)	Short-term Creditors	(154,998)	15
(6,516)	Current Provisions	(10,339)	17
(3,498)	Grant Receipts in Advance – Revenue	(3,088)	28
(459)	Grant Receipts in Advance – Capital	(459)	28
(174,625)	**Current Liabilities**	**(207,083)**	
(6,291)	Long-term Provisions	(6,945)	17
(119,104)	Long-term Borrowing	(111,278)	13
(26,262)	Pension Liability	(19,799)	35
(19,772)	Grant Receipts in Advance – Revenue	(22,366)	28
(20,449)	Grant Receipts in Advance – Capital	(10,294)	28
(11,817)	Other Long-term Liabilities	(12,197)	18
(203,695)	**Long-term Liabilities**	**(182,879)**	
798,473	**Net Assets**	**897,170**	
(223,665)	Usable Reserves	(275,037)	
(574,808)	Unusable Reserves	(622,133)	19
(798,473)	**Total Reserves**	**(897,170)**	

The unaudited accounts were issued on <>th June 2026

Joss Convey, ACMA **Service Director – Finance & S151 Officer**

Cash Flow Statement

The Cash Flow Statement shows the change in cash and cash equivalents of South Gloucestershire Council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for reserves which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2024/25 £'000		2025/26 £'000	Note
(78,221)	Net surplus / (deficit) on the provision of services.	81,547	
107,644	Adjustments to the net deficit on the provision of services for non-cash movements.	56,372	20
(75,195)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	(182,330)	20
(45,772)	**Net cash flows from Operating Activities**	**(44,411)**	
52,217	Investing activities	60,489	21
2,384	Financing activities	(3,315)	22
8,829	**Net increase /(decrease) in cash and cash equivalents**	**12,763**	
7,667	Cash and cash equivalents at the beginning of the reporting period	16,496	
16,496	**Cash and cash equivalents at the end of the reporting period**	**29,259**	14

Notes to the Statement of Accounts

1. Accounting policies

i. General principles

The Statement of Accounts summarises the council's financial transactions for 2025/26 and its position at the year-end of 31 March 2026. The Accounts and Audit Regulations 2015, as amended, require the council's accounts to be prepared in accordance with proper accounting practices, namely the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

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

ii. Recognition of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

- Supplies and services 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 in the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- 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.

- The authority has elected to charge a community infrastructure levy (CIL). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. The CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

iii. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three days or less and that 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. City Region Deal

South Gloucestershire Council is the accountable body for the City Region Deal and its Business Rates Pool (BRP). The council has determined that the transactions occurring in respect of the City Region Deal arrangement arise from non-exchange transactions (the collection of Non-Domestic Rates) and so IPSAS 23 'Revenue from Non-Exchange transactions (taxes and transfers)' may be applied in accounting for the transactions and balances relating to the City Region Deal.

Cash - The council is the entity responsible for pooling the cash from growth figures payable to the Business Rates Pool (BRP) by the constituent authorities, and for making BRP payments. As the Accountable Body the council recognises the growth figure payable by the authorities, which when received will be held as cash on its Balance Sheet. Until the funds are paid out by the BRP or committed and allocated by the Economic Development Fund (EDF) to fund payments in respect of approved programmes, they are recognised by the council as creditors to the Authorities (and by them as an associated debtor), in the proportion in which they have contributed where cash remains uncommitted, or a creditor to the Sponsor Authority where cash is committed. These transactions are accounted for on an agency basis and are not the council's income and expenditure.

Income – Income receivable by South Gloucestershire Council from the BRP is recognised as revenue in the year it occurs. Furthermore, the council will recognise revenue and a debtor balance to the extent that future EDF payments are receivable and have been committed to by the EDF, and sufficient cash remains in the BRP to fund future payments. Only the council's share is recognised in the Comprehensive Income and Expenditure Statement.

Expenditure – Expenditure is recognised by South Gloucestershire Council on the earlier of payments being made by the BRP or where future EDF payments are committed. Expenditure is recognised in proportion to the degree the authority nominally contributes 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. Only the council's share is recognised in the Comprehensive Income and Expenditure Statement.

v. Council tax and non-domestic rates /Collection Fund

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors, and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

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

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

vi. Employee benefits

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.
The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are payable following a decision by the council to terminate an officer's employment before their normal retirement date, or an officer's decision to accept voluntary redundancy. Costs are recognised in the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of redundancy or when the council recognises the cost of re-structuring.

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 (DfE),
- The Local Government Pension Scheme (LGPS), administered by Bath and North East Somerset Council (BANES),
- The National Health Service (NHS) Pension scheme, administered by NHS Pensions.

Each scheme provides defined benefits to members (retirement lump sums and pensions), earned whilst employees are working for the council.

However, the centralised arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits recognised in the Balance Sheet. The People line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme and the NHS Pension Scheme 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 forecasts of projected earnings for current employees.

- The assets of the 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 – average of the bid and offer rates
    - Property – market value

The change in the net pension liability is analysed into its components:

- Service Cost: the increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Past service costs is a change to the defined benefit obligation resulting from a plan amendment or curtailment. The council's accounts also recognise a gain or loss on settlement when the settlement occurs. The settlement is deemed to occur when the council enters into a transaction which eliminates all further obligations for part or all of the benefits provided under the LGPS defined benefit plan.

- Net interest on the net defined benefit liability: the expected increase in the present value of liabilities during the year as they move one year closer to being paid, offset by the interest on assets, which is the interest on assets held at the start of the year, and cash flows occurring during the period. The result is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Remeasurements of the return on plan assets excluding amounts included in net interest and actuarial gains and losses. These are charged to the Comprehensive Income and Expenditure Statement in Other Comprehensive Income and Expenditure.

- Actuarial gains and losses – relate to changes in the net pension liability which arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions. These are charged to the Comprehensive Income and Expenditure Statement in Other Comprehensive 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts that are payable but remain unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Early Payment of Local Government Pension Scheme Deficit Contributions

In 2023/24 the Council made an advance payment of its LGPS deficit contribution which would otherwise not have been due for payment until 2023/24, 2024/25, and 2025/26 respectively. In so doing, the Council obtained a discount on the amount payable.

The deficit payments due for each year (discount applied) are as follows:	
2023/24	£495,839
2024/25	£518,624
2025/26	£542,547
Total	**£1,557,010**

The Pension Liability at 31 March 2023 was reduced by the total £1,557,010, and the full amount was reflected in the actuarial valuation at 31 March 2023.

In 2023/24 we have charged the 2023/24 deficit (£495,839) to the General Fund. The 2024/25 deficit (£518,624) has been charged to the General Fund in 2024/25, and the 2025/26 deficit (£542,547) has been charged to the General Fund in 2025/26, but in the meantime the deficit amount for 2025/26 has been credited to the Pension Reserve.

The result of this accounting treatment is that the Pension Liability and the Pension Reserve will not be aligned until the close of 2025/26, by which time the total contribution will have been charged to the General Fund.

Discretionary benefits

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

vii. Financial instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument.

Financial liabilities

Financial liabilities are initially measured at fair value and are carried at amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund balance to be spread over future years. In accordance with regulations/statutory guidance, the council spreads the gain or loss over the remaining financial years of the original loan term, starting from the current financial year through to and including the year in which the loan would have been repaid, or in the case of discounts over 10 years. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

Financial assets

Financial assets are accounted for based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The council's business model is to hold investments to collect contractual cash flows, except for those whose contractual payments are not solely payment of principal and interest. It holds financial assets that are therefore measured at either amortised cost or fair value through profit or loss (FVPL).

Financial assets measured at amortised cost are presented in the Balance Sheet as the outstanding principal receivable plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors). Impairment losses are calculated to reflect an expectation that future cash flows might not take place because the borrower could default. Credit risk plays a part in the assessment and where it has increased significantly losses are assessed on a lifetime basis. Otherwise, losses are assessed based on 12-month expected losses.

Financial assets measured at FVPL are initially measured and subsequently carried at fair value. Changes in fair value are recognised as they arise in the Surplus or Deficit on the Provision of Services. Dividends are credited to the Comprehensive Income and Expenditure Statement when they become receivable by the council. Fair value measurements are categorised at levels 1-3 in accordance with the requirements of IFRS 13.

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

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Instruments entered into before 1 April 2006

The authority entered into a financial guarantee that is not required to be accounted for as a financial instrument. This guarantee is reflected in the statement of accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on provisions, contingent liabilities, and contingent assets.

viii. Leases

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

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

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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

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

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.
- When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg 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

ix. 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 the future economic benefits or service potential associated with the item will flow to the council. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost. This comprises the purchase price and any costs attributable to bringing the asset to an operational condition. 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 cash inflow or improved service potential for the council). 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 on the Balance Sheet using the following measurement bases:

- Infrastructure and community assets – depreciated historical cost,
- Assets under construction - historical cost,

- School buildings – at current value but because of their specialist nature are measured at depreciated replacement costs which is used as an estimate of current value,
- Surplus assets – at current value, estimated at highest and best price reasonably achievable in the current market,
- 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets that have short useful lives, or low values (or both), depreciated historical cost is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying value is not materially different from their current 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.

Outside of the 5 year rolling programme asset values will be monitored and indexed, applying an inflationary increase to keep values up to date where material. Suitable indices will be identified each year by the councils valuers and agreed by the Councils S151 officer.

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service. Where decreases in value 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), and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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.

Disposals

When an asset is disposed of, or is decommissioned, the carrying amount of the asset on the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, alongside any receipts from the disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. All sale proceeds in excess of £10,000 are treated as capital receipts.

Depreciation

Depreciation is provided for on all property, plant, and equipment over their useful lives. An exception is made for assets without a finite useful life (i.e. freehold land and certain community assets) and assets which are under construction and not available for use. Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by a qualified valuer.
- Vehicles, plant, and equipment – on a straight-line basis over the life of the asset, as advised by a suitably qualified officer.
- Infrastructure – on a straight-line basis as follows (unless otherwise advised by a suitably qualified officer):
    - Carriageways – 17 years
    - Footways and cycleways – 30 years

- Structures (e.g., bridges) – 50 years
- Lighting – 40 years
- Traffic management and street furniture – 20 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately to the extent that the components asset lives differ significantly

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.

x. Assets Held for Sale

Where a disposal of an asset is highly probable, and the asset is available for sale in its present condition these are classified as assets held for sale. Management must be committed to the sale. Depreciation is not charged on assets held for sale. They are carried on the balance sheet at the lower of the carrying amount and fair value less costs to sell.

xi. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value, being the amount at which the asset could be exchanged in an arm's length transaction between knowledgeable partners. 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 receivable from Investment properties is credited to the Financing and Investment Income and Expenditure 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. These are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve as appropriate.

xii. Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation likely to require settlement by a transfer of economic benefit or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service 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.

xiii. Usable 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.

xiv. Revenue Expenditure Funded by 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 either 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 then reverses out the amounts charged so that there is no impact on the level of council tax.

xv. Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the 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.

xvi. Service Concessions (Private Finance Initiative or PFI)

The PFI service concession contract expired at the end of July 2025 and has been replaced with alternative arrangements including a new multi-year waste collection contract with Suez. As part of the new arrangements the management and running of the Sort-It Centres has been brought in-house. The final instalment of the government grant in respect of the PFI scheme was received in Quarter 1 25/26 and this was credited to the Waste service.

Service concession contracts 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. The council had deemed to control the services that are being provided under such contracts, and as ownership of the assets passed to the council at the end of the contract, the council carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The amounts paid to the PFI operator each year were analysed into five elements:

- Fair value of services received: debited to the relevant service in the Comprehensive Income and Expenditure statement.
- Finance cost: an interest charge on the outstanding liability was debited to interest payable in the Comprehensive Income and Expenditure Statement.
- Contingent rent: this represents increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability: this was applied to write down the Balance Sheet liability towards the PFI operator.
- Life cycle replacement costs: these were recognised as non-current assets on the Balance Sheet.

xvii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC, whether of a revenue or capital nature.

xviii. Fair Value Measurement of Non-financial Assets

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

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

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

xix. Former Avon County Council debt

Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. The share of the residual debt apportioned to South Gloucestershire Council is included on the Balance Sheet as a deferred liability under long-term liabilities. All successor unitary authorities make an annual contribution to principal and interest repayments. The deferred liability is written down by the amount of the principal repayment. The interest is charged to the Surplus/Deficit on Provision of Services.

xx. Interests in Limited Companies

The council has one wholly owned subsidiary company. This is the Bristol and Bath Science Park Estate Management Company Limited, (registered number 07523533) which the council acquired in September 2018. Group accounts have not been prepared as the value of the company's income, expenditure, assets, and liabilities is not material in the context of the council's financial statements overall.

xxi. Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date 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 – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

2. Accounting standards issued, not yet adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), the council is required to disclose information setting out the impact of an accounting change required by a new standard that has been issued but not yet adopted. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom, these are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. The main aim of the change is better guidance and disclosures.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024 Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules – introducing a temporary mandatory exception from accounting for deferred taxes. Narrow scope of changes focussing on clarifying classification and derecognition.

- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. This was a minor change to tidy up inconsistencies within the standards.

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. The main change here is to address energy contracts. None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

3. Critical judgements in applying accounting policies

The judgements made which have the most significant effect on the amounts recognised in the financial statements are:

(a) Waste PFI contract

The council had a PFI contract for integrated waste management with Suez, under which the council was deemed to control the services. The accounting policies for service concession arrangements (formerly known as PFI schemes and similar contracts) have been applied to these contracts and assets (valued at £9,443k at 31 March 2025) are recognised as Property, Plant and Equipment on the council's Balance Sheet, as shown in Note 11. The council was deemed to control the residual value of the assets. These assets passed back to the council following the expiry of the Waste PFI contract in July 2025.

The PFI contract expired at the end of July 2025 and has been replaced with alternative arrangements including a new multi-year waste collection contract with Suez. As part of the new arrangements the management and running of the Sort-It Centres has been brought in-house.

(b) Schools

In its role as a Local Education Authority the council oversees a range of schools: Community schools, Voluntary Aided (VA) schools and Voluntary Controlled (VC) schools. The different form of school affects the make-up of their governing body, the admissions policy, funding arrangements and the legal ownership of assets.

Legal ownership of VA and VC schools often rests with a Diocese or another charitable body or trust. However, the council is deemed to exert significant control over the activities conducted in these schools and it has therefore determined that the buildings of VA and VC schools should be included on its Balance Sheet. The land element of these schools has been assessed on a case-by-case basis and land not controlled by the council (depending on ownership, leasing arrangements and maintenance responsibilities) is not included on the Balance Sheet. The income, expenditure, liabilities and reserves of these schools are also included in the accounts and reserves held for schools are included in Earmarked Reserves (see Note 10).

The council undertook a comprehensive review of its policy for school non-current assets in 2014/15. 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.

(c) Bristol & Bath Science Park

The Council has classified Bristol & Bath Science Park as an investment property within long term assets, held primarily for financial return as opposed to service delivery or future development, requiring a property, plant and equipment catagorisation. The properties latest valuation as at the end of March 2026 is £12.765m (£13.17m in 2024/25).

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, balances cannot be determined with certainty, and actual results could be materially different if the assumptions and estimates were to change.

The council is exposed to a degree of estimation uncertainty related to interest rate risk in its financial instruments, principally its borrowing and investments. More information on this can be found at Note 38.

IAS 1 requires the council to disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

(a) their nature, and

(b) their carrying amount as at the end of the reporting period.

While there are a number of areas of uncertainty that the council manages, those that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year are as follows:

- Valuation of certain parts of the Council's Plant, Property and Equipment balances; and
- The net defined benefit pension liability.

These are dealt with separately below.

Property Plant and Equipment (PPE)

Approach

The Council recognises £989m of Property, Plant and Equipment at 31 March 2026 (including £334m of Infrastructure assets). Of this total, £430m is held at depreciated historic cost (principally infrastructure and assets not subject to revaluation under the Code), with the remaining £559m carried at current value and subject to periodic revaluation in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Council operates a rolling revaluation programme to ensure that all assets subject to revaluation are formally revalued at least once every five years. In intervening years, asset carrying values are updated using appropriate price indices to reflect movements in construction costs and asset values, thereby reducing the risk of material misstatement between formal valuation dates.

Valuations are undertaken by the Council's valuer in accordance with the methodologies and bases of value set out in the Code and IFRS 13, as interpreted for the public sector. Specialist assets (including schools and other operational properties where there is no active market) are measured using a Depreciated Replacement Cost (DRC) basis. Surplus assets are measured at fair value, with changes recognised in accordance with the Code. Other operational assets, land and community assets are measured at existing use value (EUV), determined using a market approach, income approach, or a combination of techniques as appropriate to the asset.

Uncertainties

When carrying out revaluations, assumptions are made using comparable evidence market conditions, build costs, and the remaining life of the assets.

Effect

In 2025/26 the Council undertook a programme of formal revaluations in line with its five-year rolling valuation cycle. This resulted in the revaluation of 97 assets, with a combined Net Book Value of £176m at 31 March 2026.

A 1% reduction in the value of these assets would result in a decrease of £1.76m in the carrying amount of long-term assets, with a corresponding reduction in Unusable Reserves in the Balance Sheet.

In addition, 273 assets with a Net Book Value of £456m were not subject to formal revaluation in-year but were updated using indexation from their last valuation date to 31 March 2026. This indexation is based on appropriate industry indices and reflects movements in construction costs and asset values over the intervening period.

The application of indexation is intended to ensure that asset carrying values remain materially accurate between formal valuations. Sensitivity analysis indicates that reasonable variations in the indices applied would not result in a material change to the reported Net Book Value of these assets and are therefore not considered to give rise to material estimation uncertainty.

Pension Liability (see also Note 35).

Approach

The Council and its actuary follow an agreed process for valuing the pension fund. With a full valuation every three years and a roll forward every year in accordance with IAS19, with changes in assets and liabilities estimated. The net liability included on the Balance Sheet at 31 March 2026 in respect of defined benefit plans is £19.536m, including the impact of the Asset Ceiling (£58.804m).

Uncertainties

The actual valuation results could be significantly different to those in Note 35 were the key assumptions to vary, given the nature of a roll forward approach, where certain key inputs are updated, rather than formally reassessed, there is a larger inherent degree of uncertainty in any year for which a roll forward approach is applied.

Due to the complexity of the calculation, it is impracticable to disclose the full nature and extent of the change in these assumptions in the next twelve months, however a sensitivity analysis is provided in full in Note 35 which indicates the potential scale and impact of certain key assumptions.

Effect if actual results differ from Assumptions

However, this note and the sensitivity analysis included deals predominantly with the overall calculation itself, and not the uncertainty that relates specifically to the roll forward approach. While the standard requires the council to disclose this specific uncertainty, given the complexity of the calculation, we have concluded that it is impracticable to quantify it. See Note 35 for further details.

5. Material items of income and expense

The council paid Suez Recycling and Recovery UK Ltd £7.3m (£20.9m in 2024/25) for waste collection and disposal services provided under a service concession contract (see Note 32 for more details).

The council transferred long term assets totaling £29,567k to academy trusts following the academisation of 5 schools in 2025/26. The balance sheet and specifically the land and buildings sub category of property plant and equipment and unusable reserves include adjustments relating to this transfer, along with a loss on disposal recognised on the face of the Consolidated Income and Expenditure Statement.

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 11th June 2026. 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 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for events taking place after 31 March 2026 which are relevant to an understanding of the council's overall financial position but do not relate to events and conditions taking before the year end.

The council has considered whether any further school conversions to academy status should be reflected as events after the balance sheet date. For the purposes of this assessment, only conversions occurring between 31 March 2026 and the date of authorisation of the accounts are treated as post balance sheet events.

A number of schools are scheduled to convert to academy status on 1 September 2026; however, as these transfers had not taken place at the date of authorisation of these accounts, no adjustment or disclosure has been made.

7. Expenditure and Funding Analysis

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

2025/26	**Outturn reported to Council**	**Non-statutory adj's (1)**	**Net Expenditure Chargeable to the General Fund**	**Capital adj's (2)**	**Pension adj's (3)**	**Other adj's (4)**	**Total Adj's between the Funding and Accounting Basis**	**Net Expenditure in the CIES**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People	230,298	(8,946)	221,352	23,849	(6,530)	18,689	36,008	257,360
Place	44,162	15,524	59,686	43,863	(2,630)	72	41,305	100,991
Resources & Business Change	58,386	(17,526)	40,860	14	(646)	105	(527)	40,333
Net Cost of Services	**332,846**	**(10,948)**	**321,898**	**67,726**	**(9,806)**	**18,866**	**76,786**	**398,684**
Other Income and Expenditure	(330,031)	8,962	(321,069)	(159,809)	0	647	(159,162)	(480,231)
(Surplus)/Deficit on Provision of Services	**2,815**	**(1,986)**	**829**	**(92,083)**	**(9,806)**	**19,513**	**(82,376)**	**(81,547)**

Opening General Fund Balance	**(155,125)**
Less/plus surplus or deficit on General Fund	829
Closing General Fund Balance at 31 March 2026	**(154,296)**

2024/25	Outturn reported to Council	Non-statutory adj's (1)	Net Expenditure Chargeable to the General Fund	Capital adj's (2)	Pension adj's (3)	Other adj's (4)	Total Adj's between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
People	210,210	(28,431)	181,779	29,090	(2,560)	8,570	35,100	216,879
Place	48,551	14,155	62,706	47,379	(1,030)	(853)	45,496	108,202
Resources & Business Change	46,222	(5,329)	40,893	12,225	3,516	(945)	14,796	55,689
Net Cost of Services	**304,983**	**(19,605)**	**285,378**	**88,694**	**(74)**	**6,772**	**95,392**	**380,770**
Other Income and Expenditure	(305,766)	21,657	(284,109)	(25,694)	0	7,255	(18,439)	(302,549)
(Surplus)/Deficit on Provision of Services	**(783)**	**2,052**	**1,269**	**63,000**	**(74)**	**14,027**	**76,953**	**78,221**

Opening General Fund Balance	**(156,394)**
Less/plus surplus or deficit on General Fund	1,269
Closing General Fund Balance at 31 March 2025	**(155,125)**

Expenditure and Funding Analysis - Adjustments between Funding and Accounting Basis

Net Change for Non-Statutory Adjustments (1)

To reallocate specific transactions to/from service areas (net cost of services) to Other Income and Expenditure to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement. These adjustments include interest receivable and payable, grant income, investment income and levies. An adjustment is also made for movements in earmarked reserves which are included for the purposes of Outturn reporting but excluded from the Surplus/deficit on provision of services.

Net Change for Capital Adjustments (2)

Adds in depreciation, impairment and revaluation gains/losses in the services line, and for:

- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing and investment income and expenditure** - the statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure, as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure** - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension Adjustments (3)

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

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

Other Adjustments (4)

Represents other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences of premiums and discounts.

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

8. Expenditure and income analysed by nature

2024/25 £'000		**2025/26 £'000**
	Expenditure	
212,808	Employee benefits and related expenditure	218,833
455,161	Other services expenses	479,089
39,818	Benefit payments and other grants	32,159
46,900	Depreciation, amortisation and impairment	47,291
15,395	Interest payments	11,147
16,084	Precepts and levies	17,691
41,583	City Region Deal*	20,735
48,694	(Gains) / Losses on the disposal of assets	13,080
876,443	**Total expenditure**	**840,025**
	Income	
(157,753)	Fees, charges, and other service income	(143,049)
(4,393)	Interest and investment income	(7,106)
(266,712)	Income from council tax and non-domestic rates	(280,520)
(293,936)	Government grants and contributions	(316,540)
(75,428)	Capital grants and contributions	(174,357)
(798,222)	**Total income**	**(921,572)**
78,221	**(Surplus) / Deficit on the Provision of Services**	**(81,547)**

**The City Region Deal expenditure of £20,735k in 2025/26 includes payments into the pool and uncommitted cash with a combined total of £20,735k (2024/25 £41,583), along with interest payable to the pool of £3,747k (2024/25 £5,187k) included within interest payments above.*

9. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments made between the Comprehensive Income and Expenditure Statement which is prepared in accordance with proper accounting practice, and the Movement in Reserves Statement which is calculated by reference to statutory provisions affecting the General Fund balance.

2024/25 General Fund balance £'000	2024/25 Capital Receipts reserve £'000	2024/25 Capital Grants Unapplied £'000	2024/25 TOTAL Unusable Reserves £'000		2025/26 General Fund balance £'000	2025/26 Capital Receipts reserve £'000	2025/26 Capital Grants Unapplied £'000	2025/26 TOTAL Unusable Reserves £'000
				Adjustments to the revenue resources				
(25,381)	0	0	25,381	Pensions costs transferred to (or from) the Pensions reserve	(15,820)	0	0	15,820
25,453	0	0	(25,453)	Employers Pensions contributions Payable	25,626	0	0	(25,626)
50	0	0	(50)	Financial instruments transferred to the Financial Instruments Adjustment Account	3,702	0	0	(3,702)
(315)	0	0	315	Pooled investment funds transferred to the Pooled Fund Adjustment Account	644	0	0	(644)
(6,987)	0	0	6,987	Council tax and non-domestic rates (transfers to or from Collection Fund Adjustment Account)	(4,993)	0	0	4,993
4,683	0	0	(4,683)	Holiday pay transferred to the Accumulated Absences reserve	(417)	0	0	417
(11,455)	0	0	11,455	Dedicated Schools Grant Adjustment Account	(18,449)	0	0	18,449
(37,959)	0	0	37,959	Revenue expenditure funded from capital under statute (REFCUS)	(34,132)	0	0	34,132
(51,911)	**0**	**0**	**51,911**	**Total adjustments to revenue resources**	**(43,839)**	**0**	**0**	**43,839**
				Adjustments between revenue and capital resources				
1,200	(1,200)	0	0	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts reserve	16446	(16,446)	0	0
509	0	0	(509)	Repayment of Avon CC Debt Principal	488	0	0	(488)
7,097	0	0	(7,097)	Statutory provision for the financing of capital investment	8,585	0	0	(8,585)
972	0	0	(972)	Capital expenditure financed from revenue balances	0	0	0	0
(517)	0	517	0	Transfer from Capital adjustment account to usable reserves	(309)	0	1,336	(1,027)
9,261	**(1,200)**	**517**	**(8,578)**	**Total adjustments between revenue and capital resources**	**25,210**	**(16,446)**	**1,336**	**(10,100)**
				Adjustments to capital resources:				
(44,423)	0	0	44,423	Charges for depreciation of non-current assets	(43,498)	0	0	43,498
(10,487)	0	0	10,487	Revaluation (Decrease)/Increase of PPE	6,442	0	0	(6,442)
(1,008)	0	0	1,008	Impairment of PPE charged to Capital Adjustment Account	(1,469)	0	0	1,469
(1,203)	0	0	1,203	Movements in the value of Investment Properties	202	0	0	(202)
(2,880)	0	0	2,880	Amortisation of intangible assets	(4,277)	0	0	4,777
(49,893)	0	0	49,893	Non-Current assets written off on disposal	(29,524)	0	0	29,524
0	(3,557)	0	3,557	Loan repayment from capital receipts	(1,228)	0	0	1,228
0	9,995	0	(9,995)	Use of the Capital Receipts reserve to finance capital expenditure	0	7,889	0	(7,889)
0	0	68,132	(68,132)	Application of capital grants and contributions to finance capital expenditure	0	0	129,377	(129,377)
0	0	0	0	Capital grant repaid using capital receipts	0	3,699	(3,699)	0
75,591	0	(75,591)	0	Transfer of capital grants and contributions to Capital Grants unapplied	174,357	0	(174,357)	0
(34,303)	**6,438**	**(7,459)**	**35,324**	**Total adjustments to capital resources**	**101,005**	**11,588**	**(48,679)**	**(63,914)**
(76,953)	**5,238**	**(6,942)**	**78,657**	**Total adjustments**	**82,376**	**(4,858)**	**(47,343)**	**(30,175)**

10. Movements in earmarked reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure. It should be noted that the Section 31 Grant Reserve holds balances which will be discharged against the Collection Fund deficit in the following year, and do not provide additional future spending power.

Earmarked reserves	Balance at 31 March 2024	Transfer out	Transfer in	Balance at 31 March 2025	Transfer out	Transfer in	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools balances	**(6,322)**	**4,171**	**(886)**	**(3,037)**	**3,137**	**(949)**	**(849)**
Section 31 Grant Reserve	**(956)**	**956**	**0**	**0**	**0**	**0**	**0**
Earmarked for revenue purposes							
Home choice	**(700)**	0	0	**(700)**	0	0	**(700)**
Psychology service	**(115)**	41	0	**(74)**	0	(28)	**(102)**
Public Health	**(2,130)**	1	(47)	**(2,176)**	0	(149)	**(2,325)**
Prevention Fund Reserve	**(1,514)**	910	(486)	**(1,090)**	961	(18)	**(147)**
Refugee resettlement reserve	**(2,726)**	851	(616)	**(2,491)**	56	0	**(2,435)**
Vinney Green Secure Unit	**(16)**	16	0	**0**	0	0	**0**
Troubled families	**(314)**	4	(145)	**(455)**	121	0	**(334)**
Total PEOPLE	**(7,515)**	1,823	(1,294)	**(6,986)**	1,138	(195)	**(6,043)**
Arts funding	**(8)**	0	0	**(8)**	0	0	**(8)**
Domestic homicide review	**(10)**	10	0	**0**	0	0	**0**
Housing Enabling	**(412)**	77	0	**(335)**	37	0	**(298)**
Integrated Care Reserve	**(903)**	430	0	**(473)**	73	0	**(400)**
Licensing	**(496)**	119	0	**(377)**	0	(46)	**(423)**
Local Plan/Development Framework	**(412)**	329	0	**(83)**	0	(1)	**(84)**
Oldbury Nuclear Planning	**(432)**	20	0	**(412)**	0	0	**(412)**
Open Spaces improvements	**(130)**	0	0	**(130)**	0	0	**(130)**
Planning Appeals	**(1,000)**	0	0	**(1,000)**	0	0	**(1,000)**
Private Sector Housing - Accommodation Survey	**(13)**	0	(2)	**(15)**	0	(7)	**(22)**
Strategic Project Development Fund	**(133)**	0	0	**(133)**	0	0	**(133)**
Waste management equalisation	**(6,533)**	2,594	0	**(3,939)**	3,939	0	**0**
Total PLACE	**(10,482)**	3,579	(2)	**(6,905)**	4,049	(54)	**(2,910)**

	Balance at 31 March 2024	Transfer out	Transfer in	Balance at 31 March 2025	Transfer out	Transfer in	Balance at 31 March 2026
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Budget carry forward	**(3,683)**	3,746	(3,111)	**(3,048)**	3,048	(2,112)	**(2,112)**
City Region Deal – Economic Development Fund smoothing	**(63,026)**	27,405	(8,585)	**(44,206)**	0	(13,964)	**(58,170)**
CIL Admin reserve	**(804)**	804	(693)	**(693)**	944	(900)	**(649)**
Corporate Telephone system	**(650)**	140	0	**(510)**	134	0	**(376)**
Council elections	**(85)**	0	(112)	**(197)**	0	(128)	**(325)**
Council Tax and Business Rate Support Reserve	**(7,496)**	14,831	(23,890)	**(16,555)**	18,825	(5,301)	**(3,031)**
COVID Financial Support Reserve	**(481)**	141	0	**(340)**	340	0	**0**
Economic development	**(21)**	99	(100)	**(22)**	0	0	**(22)**
Enterprise Resource Planning	**(1,000)**	0	0	**(1,000)**	3,000	(2,000)	**0**
Financial Risks Reserve	**(16,992)**	4,065	(20,756)	**(33,683)**	12,591	(7,088)	**(28,180)**
Invest to Save	**(1,002)**	1,780	(783)	**(5)**	1,544	(8,918)	**(7,379)**
Investment smoothing	**(2,485)**	613	(936)	**(2,808)**	179	0	**(2,629)**
New Homes Bonus	**(83)**	82	(32)	**(33)**	0	0	**(33)**
Print and multi-functional device renewal	**(108)**	0	0	**(108)**	0	0	**(108)**
Property Maintenance Reserve	**(200)**	0	0	**(200)**	0	0	**(200)**
Severance	**(303)**	0	0	**(303)**	106	(1,700)	**(1,897)**
Service Investment and Opportunities	**(1,641)**	656	0	**(985)**	985	0	**0**
Traded services	**(36)**	601	(601)	**(36)**	34	0	**(2)**
Total RESOURCES & BUSINESS CHANGE	**(100,096)**	**54,963**	**(59,599)**	**(104,732)**	**41,730**	**(42,111)**	**(105,113)**
Total earmarked for revenue purposes	**(118,093)**	**60,365**	**(60,895)**	**(118,623)**	**46,917**	**(42,360)**	**(114,066)**
Earmarked for capital purposes							
BAC Aviation Trust	**(789)**	9	0	**(780)**	0	0	**(780)**
Capital Fund	**(1,959)**	47	0	**(1,912)**	0	(268)	**(2,180)**
Page Park Maintenance	**(74)**	0	0	**(74)**	0	0	**(74)**
Revenue Contributions to Capital funding	**(4,702)**	5,584	(6,582)	**(5,700)**	0	(6,036)	**(11,736)**
Major schemes	**(285)**	0	0	**(285)**	0	0	**(285)**
Street Care Fixed Assets Replacement	**(4,200)**	186	(1,689)	**(5,703)**	2,331	(1,943)	**(5,315)**
Total earmarked for capital purposes	**(12,009)**	**5,826**	**(8,271)**	**(14,454)**	**2,331**	**(8,247)**	**(20,370)**
Total Earmarked Reserves	**(137,380)**	**71,318**	**(70,052)**	**(136,114)**	**52,385**	**(51,556)**	**(135,285)**

The purpose of each reserve is:

Reserves for revenue purposes **Name**	**Purpose**
Arts funding	To fund art development projects and officer resource.
Budget carry forward	To hold carry forwards at year end for transfer to relevant service areas in the new financial year.
City Region Deal - Economic Development Fund Smoothing	To hold council's share of unallocated funds in City Region Deal Business Rates Pool.
CIL Admin reserve	To hold accrued CIL admin income.
Council elections	To fund the cost of full council elections and any by-elections
Council Tax and Business Rate Support Reserve	This is a reserve to support collection fund deficits.
COVID Financial Support Reserve	This is a reserve to support COVID-19 support services.
Corporate Telephone system	To fund the replacement of the Council's telephone and call handling system
Cultural diversity	To fund community events such as Armed Forces Day, Ambitions and St Georges Day
Domestic homicide review	To fund domestic homicide reviews
Economic Development	To partly offset the revenue cost of carry borne by the council when initially funding City Region Deal infrastructure schemes, together with the costs of the Devolution Agreement and any subsequent underwriting of the West of England Combined Authority in its formative years
Enterprise Resource Planning	To provide resources for development of new ERP system.
Financial Risks	To give cover for possible adverse impacts arising from the economy, business rate appeals, and welfare responsibilities, and to help offset projected in year deficits in future years to ensure a broadly balanced budget in the medium term.
Home Choice	To deliver Homelessness Reduction Act grant via early intervention and engagement with homeless clients.
Housing Enabling	To provide a 3 year contingency to mitigate any fall in fees against newly set income target.
Integrated Care Reserve	To support the activities of the BNSSG Healthier Together Single System Plan, improving the health and wellbeing of our population and reducing health inequalities.
Invest to Save	To meet the costs of projects which support the Council Savings and Digital Programmes
Investment smoothing	To support income fluctuations arising from the Council's investment strategy
Licensing	To hold surpluses relating to licensing to support the ongoing delivery of the licensing service in line with statutory guidance
Local Plan/Development Framework	To support the costs of the Local Plan through its 6 year rolling cycle of development
New Homes Bonus	To hold the balance of New Homes Bonus grant allocated out via the Area Fora.
Oldbury Nuclear Planning	To provide funding for any costs that are not covered by the Planning Performance Agreement for the potential plan at Oldbury on Severn.
Open Spaces improvements	To fund open spaces works for a defined purpose, either revenue or capital.
Planning appeals	To meet the legal costs of any planning appeals that exceed revenue budget and includes funds to support additional capacity.

Reserves for revenue purposes **Name**	**Purpose**
Prevention Fund Reserve	To support 'invest to save' Public Health prevention initiatives to improve the health of the population and reduce inequalities.
Print and multi-functional device renewal	To cover the renewal of print and MFD equipment
Private Sector Housing - Accommodation Survey	To provide cyclical funding for 5 yearly accommodation survey.
Property Maintenance Reserve	To hold maintenance costs for Property Services, including the Science Park.
Psychology service	To support continued delivery of psychology services including cover for sickness and maternity leave, equipment and training.
Public Health	To support the public health functions of the council.
Schools balances	To hold ring-fenced grants related to individual schools balances.
Section 31 Grant reserve	To hold the s.31 grants receivable that are earmarked against future years' collection fund deficits.
Service Investment and Opportunities	To support current and forthcoming new service investments and opportunities.
Severance	To support the costs of achieving staffing reductions
Strategic Project Development Fund	This is a reserve to assist in the development of strategic regeneration, housing and infrastructure projects.
Refugee resettlement reserve	To support resettled refugee families across multiple years.
Traded services	To support the fluctuations in the results of traded services including meeting in-year trading deficits.
Troubled families	To complete the five year work plan associated with Troubled Families initiative.
Vinney Green	To ensure there is a contingency fund in the event of disaster, emergency or security risk.
Waste management equalisation	To equalise the costs of the PFI waste contract over its life to 2025/26

Reserves for capital purposes **Name**	**Purpose**
BAC Aviation Trust	To underwrite loan funding to the BAC trust
Capital Fund	To provide funding to support the capital programme
Major Schemes	To contribute towards the funding of major transport schemes in South Gloucestershire.
Page Park maintenance	To fund maintenance costs of Page Park maintenance from rental income as per HLF funding agreement
Revenue Contributions to Capital funding	Funds held for future spend against specified capital projects
Street Care Fixed Assets Replacement	To provide the financing for the replacement of vehicles and equipment as supported by the Asset Replacement Plan

11. Infrastructure Assets and other Property, Plant and Equipment

Infrastructure Assets

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

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

2024/25 £'000	Infrastructure Assets	2025/26 £'000
299,153	Net Book Value (modified historical cost) at 1 April	298,568
20,152	Additions	56,247
(20,737)	Depreciation	(20,927)
298,568	**Net Book Value at 31 March**	**333,888**

The following useful lives have been used in the calculation of depreciation (which is applied on a straight-line basis) for Infrastructure Assets (unless otherwise advised by a suitably qualified officer):

- Carriageways – 17 years;
- Footways and cycle ways – 30 years;
- Structures (e.g. bridges) – 50 years;
- Lighting – 40 years, and
- Traffic management and street furniture – 20 years.

Property, Plant and Equipment

The following useful lives have been used in the calculation of depreciation (which is applied on a straight-line basis):

- Land - indefinite life.
- Buildings - up to 60 years, determined by a professional valuer at each valuation.
- Plant, Vehicles and Equipment - 3 to 10 years, with building components exceeding 10 years where advised as part of a formal valuation

Movements in 2025/26	**Other Land and Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Community Assets**	**Surplus Assets**	**Assets under Construction**	**Right of Use Assets**	**Total Property, Plant ,Eqt**
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2025	**493,864**	**109,811**	**1,056**	**9,263**	**42,716**	**0**	**656,710**
Additions	6,703	2,842	271	1,912	45,731	1,089	58,548
Accumulated depreciation and impairment written off to Gross carrying amount (GCA) *	(11,919)	0	(126)	0	0	0	(12,045)
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	22,470	0	(23)	(209)	378	0	22,616
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	9,102	0	(270)	(1,559)	(1,032)	0	6,241
Derecognition – Disposals	(14,947)	(2,197)	(82)	(260)	0	0	(17,486)
Assets reclassified	(5,690)	0		7,200	(1,510)	0	0
At 31 March 2026	**499,583**	**110,456**	**826**	**16,347**	**86,283**	**1,089**	**714,584**
Accumulated Depreciation and Impairment							
At 1 April 2025	**(7,383)**	**(26,248)**	**(111)**	**0**	**0**	**0**	**(33,742)**
Depreciation charge.	(14,289)	(8,244)	(15)	0	0	0	(22,548)
Accumulated Depreciation and Impairment written off to GCA *	11,919	0	126	0	0	0	12,045
Depreciation written off to the Revaluation Reserve	0	0	0	0	0	0	0
Depreciation written off to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Revaluation Reserve	(2,721)	(167)	0	0	0	0	(2,888)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(1,465)	0	(4)	0	0	0	(1,469)
Derecognition – disposals	486	557	0	0	0	0	1,043
Assets reclassified.	0	0	0	0	0	0	0
At 31 March 2026	**(13,453)**	**(34,102)**	**(4)**	**0**	0	0	**(47,559)**
Net Book Value							
At 31 March 2026	**486,130**	**76,354**	**822**	**16,347**	**86,283**	**1,089**	**667,025**
At 31 March 2025	**486,481**	**83,563**	**945**	**9,263**	**42,716**	**0**	**622,968**

** Adjustments for elimination of accumulated depreciation and impairment written off to GCA.*

Movements in 2024/25	**Other Land and Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Community Assets**	**Surplus Assets**	**Assets under Construction**	**Total Property, Plant and Equipment**	**Service concessions assets included within Property,**
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2024	**538,900**	**113,973**	**987**	**24,965**	**14,229**	**693,054**	**19,564**
Additions	8,985	1,967	69	1,714	28,487	41,222	95
Accumulated depreciation and impairment written off to Gross carrying amount (GCA) *	(16,579)	(4,797)	0	0	0	(21,376)	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	18,914	5,721	0	(1,848)	0	22,787	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(6,399)	(0)	0	(4,088)	0	(10,487)	0
Derecognition – Disposals	(46,712)	(7,053)	0	0	0	(53,765)	0
Assets reclassified	(3,245)	0	0	(11,480)	0	(14,725)	3,386
At 31 March 2025	**493,864**	**109,811**	**1,056**	**9,263**	**42,716**	**656,710**	**23,045**
Accumulated Depreciation and Impairment							
At 1 April 2024	**(7,490)**	**(23,867)**	**(30)**	**0**	**0**	**(31,387)**	**(12,210)**
Depreciation charge.	(14,933)	(8,740)	(15)	0	0	(23,688)	(1,240)
Accumulated Depreciation and Impairment written off to GCA *	16,579	4,797	0	0	0	21,376	0
Depreciation written off to the Revaluation Reserve	0	0	0	0	0	0	0
Depreciation written off to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Revaluation Reserve	(2,906)	0	0	0	0	(2,906)	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(942)	0	(66)	0	0	(1,008)	0
Derecognition – disposals	2,309	1,562	0	0	0	3,871	0
Assets reclassified.	0	0	0	0	0	0	(152)
At 31 March 2025	**(7,383)**	**(26,248)**	**(111)**	**0**	**0**	**(33,742)**	**(13,602)**
Net Book Value							
At 31 March 2025	**486,481**	**83,563**	**945**	**9,263**	**42,716**	**622,968**	**9,443**
At 31 March 2024	**531,410**	**90,106**	**957**	**24,965**	**14,229**	**661,667**	**7,354**

Surplus assets

2024/25 £'000	Surplus Assets	2025/26 £'000
24,965	Balance at 1 April	9,263
	Assets newly classified as Surplus:	
0	From Assets Held for Sale	7,200
1,714	Additions	1,912
(5,961)	Revaluation losses	(1,768)
25	Revaluation gains	
	Assets declassified as Surplus:	
0	To Property Plant and Equipment	
(11,480)	To Assets held for Sale	(260)
9,263	**Balance at 31 March**	**16,347**

Fair value hierarchy

Details of the council's surplus assets and related fair value hierarchy as at 31 March 2026 and at 31 March 2025 are shown below, with carrying amounts of £16,347m (2026 and £9.263m (2025):

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities	Fair Value 31 March 2025 £000	Fair Value 31 March 2026 £000
Surplus Assets	Level 2	Valued using a market approach, adjusted to reflect planning uncertainty	Observable: comparable market transactions, lease terms and rentals, market yields and tenant covenant strength. Active markets and significant observable inputs support Level 2 classification, with fair value based on highest and best use using a market approach	Planning permissions	0	7,200
Surplus Assets	Level 3	Valued using a market approach, adjusted to reflect planning uncertainty	Observable: development land values (comparables), site constraints and planning guidance. Unobservable: variables in market evidence, build & site clearance costs, unforeseen ground conditions and planning permissions/requirements.	Planning permissions	9,623	9,147

Surplus assets are measured at fair value, determined as their highest and best use, in accordance with the requirements of the Code. The fair value hierarchy classification reflects the nature of the valuation inputs used to determine the carrying value of each asset at the reporting date. The majority of the council's surplus assets are classified Level 3 within the fair value hierarchy. This reflects the use of significant unobservable inputs, including assumptions regarding planning status, site constraints, and development potential. Valuations are derived using a market-based approach, adjusted to reflect these factors. A key source of estimation uncertainty is the planning status of individual sites, including assumptions regarding potential future use, affordable housing requirements and Community Infrastructure Levy (CIL) obligations.

During 2025/26, one asset newly classified as surplus (Whirlpool Headquarters, Yate) has been valued using Level 2 inputs, based on observable market evidence for comparable properties. This reflects the availability of relevant market transactions and a lower level of uncertainty relative to other surplus assets.

There have been no changes in the valuation techniques applied during the year. Movements in the carrying value of surplus assets primarily reflect the reclassification of assets, together with updated valuation assumptions and market conditions where relevant. However in line with the Council's rolling revaluation programme, only a proportion of the surplus assets are subject to a full revaluation in any given year. Assest not revalued in-year are subject to indexation and/or review for material change, and their fair value hierarchy is retained unless there is evidence that the valuation inputs have changed.

Capital Commitments

As at 31 March 2026, the Council had contractual commitments for capital schemes in 2026/27 and future years. These commitments totalled £38,708k as shown in the table below. Similar commitments as at 31 March 2025 were £51,093k.

	Commitment at 31 March 2026 £'000
Waste Collection Vehicles (Suez)	13,943
Charfield Station (Network Rail)	11,539
Lyde Green Secondary School (BAM)	5,604
M49 Link Road (Tarmac)	2,498
Lyde Green Primary School (BAM)	1,957
A38 Gloucester Road Flyover (Tarmac)	1,601
Avonmouth & Severnside Flood Mitigation & Ecology (BMM)	1,030
Charfield Primary School (Morgan Sindall)	536
Total	**38,708**

Assets Held for Sale

	Current	
	2025/26	2024/25
	£'000	£'000
Balance at 1 April	12,881	1,401
Assets newly classified as held for sale		
Surplus	-	11,480
Assets declassified as held for sale:		
Property, Plant and Equipment	(12,881)	-
Balance at 31 March	**0**	**12,881**

Fair value hierarchy

Details of the council's assets held for sale and information about the fair value hierarchy as at 31 March 2026 and at 31 March 2025 are as follows:

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities	Fair Value 31 March 2026 £000	Fair Value 31 March 2025 £000
Current assets held for sale	Level 3	Consisting of development land, being either a cleared site or subject to proposed demolition, which has been valued by staff in the Council's Property Services division, who are RICS qualified valuers, on an annual basis. Where relevant this based on offers received, with adjustments made for any conditions e.g. planning/demolition.	Observable: development land values (comparables), site constraints and planning guidance (in some cases permissions). Unobservable: variables in market evidence, build & site clearance costs, unforeseen ground conditions, planning permissions/requirements and costs of sale.	Planning permissions	11,480	12,881

The council's assets held for sale have been assessed as Level 3 of the fair value hierarchy for valuation purposes. The fair value of surplus assets has been measured using a market approach, based on offers received with adjustments made for conditions attached. This takes into account quoted prices for comparable assets, any site constraints and current planning guidance and/or planning permission.

There has been no change in the valuation techniques used during the year. In estimating their fair value the council's assets held for sale have been valued to their highest and best use.

12. Investment Property

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement:

2024/25 £'000		2025/26 £'000
(5,849)	Rental income from investment property	(5,071)
2,285	Direct operating expenses arising from investment property	1,505
1,203	Net (gain)/loss from fair value adjustments	(202)
(2,361)	**Net gain**	**(3,768)**

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:

2024/25 £'000		2025/26 £'000
58,635	Balance at the start of the year	60,682
5	Additions – Purchases	8
(1,203)	Net gains/(losses) from fair value adjustments	202
3,245	Transfers from Property, plant and equipment	0
60,682	**Balance at the end of the year**	**60,892**

Fair value hierarchy

Details of the council's investment properties and information about the fair value hierarchy as at 31 March 2026 and at 31 March 2025 are as follows:

31 March 2026	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Fair value as at 31 March 2026**
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**
Retail	880	0	**880**
Industrial	20,870	2,520	**23,390**
Office units	20,515	0	**20,515**
Commercial units	9,475	6,632	**16,107**
Total	**51,740**	**9,152**	**60,892**

31 March 2025	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Fair value as at 31 March 2025**
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**
Retail	900	0	**900**
Industrial	20,840	2,520	**23,360**
Office units	20,595	0	**20,595**
Commercial units	9,295	6,532	**15,827**
Total	**51,630**	**9,052**	**60,682**

Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy in 2025/26.

Valuation techniques used to determine Level 2 and 3 fair values for investment properties

Significant observable inputs – Level 2

One retail property, three office units, one commercial property and four industrial units have been categorised as Level 2 in the fair value hierarchy. The fair value for these properties has been based on the market approach to valuation, reflecting the assets highest and best use. This takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market yields, the covenant strength for existing tenants, and data and market knowledge. Market conditions are such that similar properties are actively purchased and sold and level of observable inputs is significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant unobservable inputs – Level 3

Seven industrial units and nine commercial units have been categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions). Level 3 assets are measured using the income approach, predominantly valued through capitalisation of actual or estimated net rental income at a market yield. The approach has been developed using the investments approach set out in the RICS Red Book and the authority's own data, factoring in assumptions such as future market conditions, rent growth, and occupancy levels.

Highest and best use of investment properties

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

Valuation techniques

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

Reconciliation of fair value measurement (using significant unobservable inputs) categorised within Level 3 of the fair value hierarchy

31 March 2025 £'000		**31 March 2026 £'000**
8,330	Opening balances	9,052
722	Total gains/losses for the period included in the surplus or deficit on the provision of services resulting from changes in the fair value	100
9,052	**Closing balance**	**9,152**

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

Quantitative information about fair value measurement of investment properties using significant unobservable inputs (Level 3)

	As at 31 March 2026 (£'000)	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Industrial units	2,520	Capitalisation of actual or estimated net rental income at market yield	Future market conditions Future rent reviews Future assignees Void periods	Yield 5% - 7%	Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets
Commercial units	6,632	Capitalisation of actual or estimated net rental income at market yield	Future market conditions Future rent reviews Future assignees Void periods	Yield 5% - 7%	

Valuation process for investment properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

13. Financial instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
Financial Liabilities	**31 March 2026 £'000**	**31 March 2025 £'000**	**31 March 2026 £'000**	**31 March 2025 £'000**
Financial liabilities at amortised cost				
Principal borrowed	**(111,278)**	(119,104)	**(36,756)**	(32,447)
Accrued interest	**0**	0	**(1,443)**	(1,241)
Total borrowing *	**(111,278)**	(109,104)	**(38,199)**	(33,688)
Financial liabilities at contract cost included in creditors****	**0**	0	**(51,077)**	(41,870)
Lease payables	**(969)**		**(120)**	
PFI Liabilities	**0**	0	**0**	(339)
Total Financial Liabilities	**(112,247)**	(119,104)	**(89,396)**	(75,897)
Financial Assets				
Investments held at amortised cost				
Principal	**0**	0	**0**	5,000
Accrued interest	**0**	0	**0**	6
Loss allowance	**0**	0	**0**	0
Total investments held at amortised cost**	**0**	0	**0**	5,006
Investments held at fair value through profit and loss***	**23,934**	23,289	**0**	0
Total investments	**23,934**	23,289	**0**	5,006
Cash and Cash equivalents				
Held at amortised cost	**0**	0	**1,061**	1,096
Held at fair value through profit and loss	**0**	0	**28,200**	15,400
Total cash and cash equivalents	**0**	0	**29,261**	16,496
Debtors				
Long- and short-term debtors*****	**9,761**	8,911	**57,111**	56,814
Loss allowances	**(1,251)**	(1,083)	**(6,360)**	(5,489)
Financial instruments included in Debtors	**8,510**	7,828	**50,751**	51,325
Total Financial Assets	**32,444**	31,117	**80,012**	72,827

* Borrowing comprises approximately £125m from the Public Works Loan Board and £23m market borrowing
** Investments at amortised cost comprise fixed term deposits in banks, bank notice accounts and loans to other Local Authorities.
*** Investments and cash equivalents at fair value through profit and loss comprise investments in pooled funds.
**** The creditors lines on the Balance Sheet include £103.8m creditors (£88.6m in 2024/25) that do not meet the definition of a financial liability as they relate to non-exchange transactions such as tax-based creditors, or receipts in advance.
*****The debtors lines on the Balance Sheet include £96.9m debtors (£55.6m in 2024/25) that do not meet the definition of a financial asset as they relate to non-exchange transactions such as tax-based debtors or payments in advance.

Fair Values of Financial Assets and Financial Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried on the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from market price.

Financial instruments classified at amortised cost are carried on the Balance Sheet at amortised cost. The following table provides a comparison of these carrying values to the fair value of the instruments. Their fair values have been estimated by calculating the present value of remaining contractual cash flows at 31st March 2026, using the methods and assumptions below.

The fair value of borrowing from the Public Works Loan Board (PWLB) has been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

The fair value of market borrowing has been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

No early repayment or impairment is recognised for any financial instrument.

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

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs that are observable for the asset or liability, other than quoted prices, e.g. interest rates or yields for similar instruments, or for example where an instrument is traded in a market which is not considered to be active, using prices based on a valuation of related fund assets
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair value level	Carrying amount 31 March 2026 £'000	Carrying amount 31 March 2025 £'000	Fair Value 31 March 2026 £'000	Fair Value 31 March 2025 £'000
Financial Liabilities held at amortised cost					
External Borrowing - Public Works Loan Board	2	(126,302)	(104,192)	(106,062)	(84,878)
External Borrowing - Market	2	(23,173)	(48,600)	(23,185)	(44,052)
Creditors - financial liabilities at contract cost	*	(51,077)	(41,870)	(51,077)	(41,870)
Total Financial Liabilities		**(200,552)**	**(194,662)**	**(180,324)**	**(170,800)**
Financial Assets held at amortised cost					
Long- and short-term investments	2	0	5,006	0	5,009
Long- and short-term debtors	*	59,260	59,153	59,260	59,153
Cash and cash equivalents	*	1,061	1,096	1,061	1,096
Total Financial Assets at amortised cost		**60,321**	**65,255**	**60,321**	**65,258**
Financial Assets where carrying value is fair value					
Money market funds	1	28,200	15,400		
Bond, equity and multi asset funds	1	17,815	17,170		
Property fund	2	6,119	6,119		
Total Financial Assets held at fair value		**52,134**	**38,689**		
Total Financial Assets		**112,455**	**103,944**		

* Where an instrument has a maturity of less than 12 months including trade payables and receivables, the fair value is assumed to approximate to the carrying or billed amount.

The fair value of borrowings is lower than the carrying amount because the council's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans in the market at the Balance Sheet date.

Financial Instruments: income, expense, gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in relation to financial instruments are made up as follows:

2024/25					2025/26			
Financial Liabilities	Financial Assets		Total		Financial Liabilities	Financial Assets		Total
At amortised cost	At amortised cost	Fair Value through Profit and Loss			At amortised cost	At amortised cost	Fair Value through Profit and Loss	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
11,900	0	0	11,900	Interest expense	10,358	0	0	10,358
0	0	1	1	Loss on derecognition	0	0	0	0
0	179	0	179	Impairment losses	0	161	0	161
11,900	**179**	**1**	**12,080**	**Interest payable and similar charges**	**10,358**	**161**	**0**	**10,519**
0	(1,672)	(1,361)	(3,033)	Interest income	0	(441)	(1,363)	(1,804)
0	0	(1,361)	(1,361)	Dividend income	0	0	(1,234)	(1,234)
0	0	(321)	(321)	Gains on derecognition	(4,069)	0	0	(4,069)
0	0	(264)	(264)	Gains from changes in fair value	0	0	(645)	(645)
0	**(1,672)**	**(3,307)**	**(4,979)**	**Interest and investment income**	**(4,069)**	**(441)**	**(3,242)**	**(7,752)**
11,900	**(1,493)**	**(3,306)**	**7,101**	**Net impact on surplus/deficit on provision of services**	**6,289**	**(280)**	**(3,242)**	**2,767**

14. Cash and cash equivalents

31 March 2025		31 March 2026
£'000		£'000
80	Cash held by the council	66
1,016	Bank current accounts	995
15,400	Other short-term deposits	28,200
16,496	**Total Cash and Cash Equivalents**	**29,261**

“Other Short-Term Deposits" comprises investments in pooled funds and notice accounts where funds can be liquidated with less than three days’ notice.

15. Creditors

31 March 2025 £'000	Creditors	31 March 2026 £'000
(926)	Central Government Bodies	(1,053)
(48,584)	Other local authorities	(39,311)
(198)	NHS bodies	0
(67,325)	Other Trade Payables	(96,338)
(2,984)	Council Tax	(4,903)
(4,820)	Business Rates	(7,047)
(5,627)	Receipts in advance	(6,346)
(130,464)	**Short-term Creditors**	**(154,998)**

16. Debtors

31 March 2025 £'000		31 March 2026 £'000
8,528	**Long-term debtors**	**8,510**
	Current debtors	
13,686	Council tax payers	14,938
4,628	Business rates	5,277
19,812	Related party receivables	8,809
57,666	Trade receivables	35,149
1,282	Other local authorities	1,753
22,278	Prepayments and accrued income	89,362
(6,933)	Impairment Allowance for doubtful debts	(7,677)
112,419	**Short-term Debtors**	**147,611**

17. Provisions

Provisions are amounts set aside by the council for liabilities or losses that are certain to be incurred but the amounts and dates on which they will arise are uncertain. The following is an analysis of the movement on provisions during the year:

	31 March 2025 £'000	Additional provisions £'000	Amounts used £'000	Amounts released £'000	31 March 2026 £'000
Business rates appeals provision	(9,342)	(7,205)	2,496	0	(14,051)
Harnhill restoration	(1,021)	(58)	156	0	(923)
Insurance provision	(2,444)	(2,310)	2,444	0	(2,310)
Total	**(12,807)**	**(9,573)**	**(5,096)**	**0**	**(17,284)**

Provisions are shown on the Balance Sheet as below:

	31 March 2025	Additional provisions	Amounts used*	Amounts Released	31 March 2026
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Current (< 1 year)	(6,516)	(6,480)	2,657	0	(10,339)
Non-current (> 1 year)	(6,291)	(3,093)	2,439	0	(6,945)
	(12,807)	**(9,573)**	**5,096**	**0**	**(17,284)**

**Includes amounts reclassified between long term and short term*

- Business Rates Appeals provision - Following the introduction of the new retained Business Rate system in April 2013, the council is responsible for meeting the cost of successful business rate appeals. This provision has been made on the basis of potential appeals against the 2023 rating list and appeals not yet settled against the 2017 rating list. The figure shown in the Balance Sheet is the council's share of the overall provision charged to the Collection Fund for Business Rates.
- The Harnhill Restoration provision relates to a closed landfill site and reflects the estimated future expenditure on after-care costs discounted for the time value of money.
- The Insurance provision - the purpose of this provision is to cover losses below the external insurance excesses.

18. Other long-term liabilities

This balance is made up of:

31 March 2025		31 March 2026
£'000		**£'000**
(11,718)	Residual Avon County Council debt (*see below*)	(11,249)
(56)	Deferred income	(905)
(43)	Repayable deposits	(43)
(11,817)	**Total**	**(12,197)**

Former Avon County Council debt

Following Local Government Reorganisation in 1996, Bristol City Council administers the former Avon County Council residual debt. All Avon area unitary authorities make an annual contribution to principal and interest repayments.

31 March 2025		31 March 2026
£'000		**£'000**
(12,205)	Opening balance	(11,718)
487	Reclassified and included in short term creditors	469
(11,718)	**Closing balance**	**(11,249)**

Repayment of debt amounting to £487k was made in 2025/26. This is part of the movement on the balance due within one year, which is included in short term creditors (Note 15).

19. Unusable reserves

31 March 2025 £'000		31 March 2026 £'000
(377,811)	Revaluation Reserve	(363,986)
(271,288)	Capital Adjustment Account	(344,946)
102	Financial Instruments Adjustment Account	(3,599)
26,806	Pensions Reserve	19,800
1,958	Collection Fund Adjustment Account	6,951
3,989	Accumulated Absences Account	4,406
2,521	Pooled Fund Adjustment Account	1,877
38,915	Dedicated Schools Grant Adjustment Account	57,364
(574,808)	**Total Unusable Reserves**	**(622,133)**

Revaluation Reserve

The Revaluation Reserve contains the gains made from increases in the value of the council's 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.

31 March 2025 £'000		31 March 2026 £'000	31 March 2026 £'000
(398,915)	**Opening Balance at 1 April**		**(377,811)**
(31,820)	Upward revaluation of assets	(32,108)	
11,939	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12,157	
(19,881)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**(19,951)**
15,719	Difference between fair value depreciation and historical cost depreciation	15,233	
25,266	Accumulated gains on assets sold or scrapped	18,543	
40,985	**Amount written off to the Capital Adjustment Account**		**33,776**
(377,811)	**Closing Balance at 31 March**		**(363,986)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences from the different arrangements for accounting for the consumption of non-current assets and for financing the construction or enhancement of those assets under statutory provisions.

31 March 2025 £'000		31 March 2026 £'000
(295,008)	**Opening Balance at 1 April**	**(271,288)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
45,433	Charges for depreciation and impairment of non-current assets.	44,968
10,487	Revaluation losses and gains reversing past losses on non-current assets.	(6,241)
2,880	Amortisation of intangible assets.	4,277
37,959	Revenue expenditure funded from capital under statute.	34,132
49,894	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.	29,524
146,653		**106,660**
(40,985)	Adjusting amounts written out of the Revaluation Reserve	(33,776)
105,668	**Net written out amount of the cost of non-current assets consumed in the year**	**72,884**
	Capital financing applied in the year:	
(9,995)	Use of capital receipts to finance new capital expenditure	(9,118)
(68,132)	Capital grants and contributions applied	(129,377)
(972)	Capital expenditure charged against General Fund balances	-
(1,543)	PFI and Finance Lease repayments	(339)
(5,557)	Statutory provision for the financing of capital investment charged against the General Fund balance	(8,246)
3,557	Debt repayment funded by capital receipts	1,228
(509)	Repayment of ex-Avon debt	(488)
(83,151)		**(146,340)**
1,203	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	**(202)**
(271,288)	**Closing Balance at 31 March**	**(344,946)**

Financial Instruments Adjustment Account

This account absorbs the timing differences arising from the arrangements for accounting for discounts and premiums on premature debt redemption. Premiums are debited and/or discounts are credited to the Comprehensive Income and Expenditure Statement when they arise, but are reversed out of the General Fund balance to this account in the Movement in Reserves Statement. Over time the expense or credit is posted back to the General Fund balance in accordance with statutory arrangements and the council's accounting policy. The balance on this account at 31 March 2026 will be posted back to the General Fund over the next 10 years.

31 March 2025 £'000		**£'000**	**31 March 2026 £'000**
152	Opening Balance at 1 April		102
-	Discount arising in the year reversed out of the General Fund balance	(3,662)	
(51)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	(40)	
1	Proportion of discounts received in previous financial years to be credited against the General Fund Balance in accordance with statutory requirements.	1	
(50)	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.		(3,701)
102	**Closing Balance at 31 March**		**(3,599)**

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 costs. However, statutory accounting arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

31 March 2025 £'000		31 March 2026 £'000
83,469	Opening Balance at 1st April	26,806
(87,289)	Remeasurement of the net Defined Benefit Liability	(23,526)
25,381	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	15,820
(25,453)	Employer's pensions contributions and direct payments to pensioners payable in the year	(25,626)
(3,892)	**Closing Balance at 31 March**	**(6,526)**
30,698	Asset Ceiling impact adjustment	26,326
26,806	**Closing Balance at 31 March**	**19,800**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rate income in the Comprehensive Income and Expenditure Statement as compared to the statutory transactions reflected in the Collection Fund.

31 March 2025 £'000		31 March 2026 £'000
(5,029)	Opening Balance at 1st April	1,958
6,987	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from that calculated for the year in accordance with statutory requirements.	4,993
1,958	**Closing Balance at 31 March**	**6,951**

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing compensating absences earned but not taken in the year e.g. annual leave entitlement carried forward at the year end. Statutory arrangements require the impact on the General Fund to be neutralised by transfer to or from the account.

31 March 2025 £'000		31 March 2026 £'000
8,672	Opening Balance at 1st April	3,989
(8,672)	Settlement of previous year accrual	(3,989)
3,989	Amounts accrued at end of the current year	4,406
3,989	**Closing Balance at 31 March**	**4,406**

Pooled Fund Adjustment Account

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

31 March 2025 £'000		31 March 2026 £'000
2,206	Opening Balance at 1st April	2,521
315	Fair value movements transferred to/from the General Fund in accordance with the statutory requirements	(644)
2,521	**Closing Balance at 31 March**	**1,877**

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account fulfils a statutory requirement to maintain an account to hold deficits arising in the schools budget such that the changes do not impact on the revenue account.

31 March 2025 £'000		31 March 2026 £'000
27,460	Opening Balance at 1st April	38,915
11,455	School budget deficit transferred from General Fund in accordance with statutory requirements	18,449
38,915	**Closing Balance at 31 March**	**57,364**

20. Cash Flow Statement – operating activities

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

2024/25 £'000		2025/26 £'000
44,425	Depreciation	43,498
2,880	Amortisation of intangible assets	4,277
11,495	Impairments and valuation movements	(4,973)
(2,767)	Increase / (decrease) in creditors	26,718
(3,993)	(Increase) / decrease in debtors	(35,174)
263	(Increase) / decrease in inventories	(20)
445	Movement in pensions liability	(9,263)
49,895	Carrying amount of non-current assets sold/de-recognised	29,524
1,203	Movement in investment property values	(202)
3,798	Other non-cash items charged to the net surplus or deficit on the provision of services	1,987
107,644		**56,372**

The surplus or deficit on the provision of services has been adjusted for the following items that are Investing or Financing activities:

2024/25 £'000		2025/26 £'000
(75,591)	Capital Grants credited to provision of services	(174,357)
1,261	Payments reducing finance lease and PFI liabilities	339
(865)	Proceeds from sale of property, plant and equipment	(8,312)
(75,195)		**(182,330)**

The cash flows for operating activities include the following items:

2024/25 £'000		2025/26 £'000
3,032	Interest received	5,873
(11,900)	Interest paid	(10,358)
1,361	Dividends received	1,234

21. Cash Flow Statement – investing activities

2024/25 £'000		2025/26 £'000
(68,246)	Purchase of property, plant and equipment, investment property and intangible assets	(116,766)
(100,000)	Purchase of short term and long-term investments	(13,000)
(866)	Other payments/receipts for investing activities	380
865	Proceeds from the sale of property, plant and equipment	8,312
134,967	Proceeds from short-term and long-term investments	17,361
85,497	Other receipts from investing activities – Capital grants and contributions received	164,202
52,217	**Net Cash Flows from Investing Activities**	**60,489**

22. Cash Flow Statement – financing activities

2024/25 £'000		2025/26 £'000
3,645	Cash receipts (repayments) of short and long term borrowing	(2,976)
(1,261)	Cash payments reducing finance lease and PFI liabilities	(339)
2,384	**Net Cash Flows from Financing Activities**	**(3,315)**

23. Partnership Scheme - Better Care Fund

The council has a partnership arrangement with Bristol, North Somerset and South Gloucestershire Integrated Commissioning Board (BNSSG ICB) for the provision of community and mental health services together with continuing and social care. This arrangement is made in accordance with section 75 of the National Health Service Act 2006 and any surplus or deficit generated is the responsibility of the respective partner to whom it is attributed. The partnership arrangement includes all income and expenditure relating to the Better Care Fund, whether funded by the local authority or by the NHS. Each of the partner authorities is responsible for managing the individual schemes for which they have lead responsibility.

The council has reviewed the Section 75 agreements to determine which party has control over the services being delivered, in accordance with IFRS 11. As control of each of the elements of the Section 75 agreements resides with either the council or the ICB, it is considered that there is not a joint arrangement as defined in IFRS 11. Management has made a judgement that the appropriate accounting arrangement is sole control for all elements of the Section 75 agreements. Therefore, the Better Care Fund is treated as a non-pooled fund; each of the parties have chosen to contract with individual providers without reference to each other using their own sources of funding alone and it is for this reason that neither party considers they are operating a pooled budget. The Council's funding however includes the mandatory level of income required from the ICB to support Adult Social Care Services and income from the ICB to enable a single payment to be made to providers, for the purposes of reducing complexity for providers.

The aim is to meet the needs of people living in the area of South Gloucestershire Council. Expenditure funded from this budget includes the provision of care in residential settings, community services enabling people to remain in their own homes and a community independence service which supports the re-ablement of residents.

The funding and expenditure is set out in the table below. Income from the ICB of £11,952k is included in the council's statement of accounts alongside expenditure of £20,808k.

2024/25				2025/26		
BNSSG ICB	S.Glos. Council	Total		BNSSG ICB	S. Glos. Council	Total
£000	**£000**	**£000**		**£000**	**£000**	**£000**
(23,955)	(8,267)	(32,222)	**Funding provided to the partnership budget**	(24,569)	(8,857)	(33,426)
11,636	(11,636)	0	ICB funding to South Gloucestershire Council	11,952	(11,952)	0
(12,319)	(19,903)	(32,222)		(12,617)	(20,809)	(33,426)
12,319	19,903	32,222	**Expenditure met from the partnership budget**	12,617	20,809	33,426
0	**0**	**0**	**Net (surplus)/deficit arising from the partnership in the year**	**0**	**0**	**0**

24. Members' allowances

2024/25 £'000		2025/26 £'000
867	Basic Allowance	904
265	Special Responsibility Allowance	268
2	Expenses	5
1,134	**Total**	**1,177**

25. Officers' remuneration

The remuneration paid to the council's senior employees is set out in the table below.
The Chief Executive is the Head of Paid Services.
The Service Director Finance holds statutory s.151 responsibilities.
The Service Director Legal & Governance is the Council's Monitoring Officer and received additional remuneration in respect of his role as the Returning Officer for the elections in 2025/26, which is included in the figures below.

2025/26	Salaries, fees and allowances £	Pension Contribution £	Total remuneration £
Chief Executive Officer	190,855	41,988	**232,843**
Executive Director of Resources & Business (15/09/25) *	78,204	17,205	**95,409**
Interim Executive Executive Director of Resources & Business (01/04/25 to16/09/25) *	98,450	0	**98,450**
Executive Director of Adults, Housing & Community Development	124,944	27,488	**152,432**
Executive Director – People	153,573	33,786	**187,359**
Executive Director – Place	153,573	33,786	**187,359**
Service Director – Legal & Governance	117,009	25,742	**142,751**
Director of Public Health	104,768	24,914	**129,682**
Service Director – Finance & Chief Financial Officer	90,209	19,846	**110,055**
Executive Director – Strategy, Engagement and Change	98,365	21,640	**120,005**

*Note – The Executive Director of Resources & Business was covered by agency prior to the permanent appointment in September 2025. The costs of the interim post include the agency cost of employing the individual and is not entirely payable to them.

2024/25	**Salaries, fees and allowances**	**Pension Contribution**	**Total remuneration**
	£	**£**	**£**
Chief Executive Officer	184,937	40,686	**225,623**
Executive Director of Resources & Business Change (1/4/24 to 15/9/24)	63,201	13,905	**77,106**
Interim Executive Director of Resources & Business Change (27/1/25 to 31/3/25)*			**51,980**
Executive Director of Adults, Housing & Community Development	118,615	26,095	**144,710**
Executive Director – People	148,811	32,738	**181,549**
Executive Director – Place	148,811	32,738	**181,549**
Service Director – Legal & Governance	121,239	26,673	**147,912**
Director of Public Health	101,511	24,140	**125,651**
Service Director – Finance & Chief Financial Officer (10/6/24 to 31/3/25)	77,085	16,959	**94,044**
Interim Service Director – Finance & Chief Financial Officer (1/4/24 – 14/6/24)*			**52,326**
Executive Director – Strategy, Engagement and Change (03/03/2025)	7,334	1,613	**8,947**

*Note – This represents the agency cost of employing the individual and is not entirely payable to them.

The number of other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown below.

	Non-teaching staff		**Teaching staff**	
Salary Band	**No. at 31 March 2026**	**No. at 31 March 2025**	**No. at 31 March 2026**	**No. at 31 March 2025**
£50,000 - £54,999	**121**	119	**94**	63
£55,000 - £59,999	**64**	82	**33**	44
£60,000 - £64,999	**77**	33	**29**	17
£65,000 - £69,999	**16**	38	**15**	13
£70,000 - £74,999	**36**	11	**11**	13
£75,000 - £79,999	**11**	5	**15**	12
£80,000 - £84,999	**5**	2	**4**	8
£85,000 - £89,999	**4**	10	**4**	-
£90,000 - £94,999	**11**	3	**2**	2
£95,000 - £99,999	**1**	4	**3**	3
£100,000 - £104,999	**2**	3	**1**	1
£105,000 - £109,999	**2**	-	**1**	-
£110,000 - £114,999	-	-	**-**	2
£115,000 - £119,999	1	-	**1**	-
£120,000 - £124,999	-	-	**1**	-
£135,000 - £139,999	-	-	**1**	-
£150,000 - £154,999	-	-	-	**-**

In 2025/26 seven non-teaching and one teaching staff member appears in the table above by virtue of having received redundancy or compensation payments. In 2024/25, seven non-teaching staff and one teaching staff member appears in the table above by virtue of having received redundancy or compensation payments.

26. External audit costs

2024/25 £'000		2025/26 £'000
383	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year.*	444
66	Fees Payable to Grant Thornton UK LLP for other services provided for the year.*	192
449	**Total**	**636**

**   The fees payable for external audit services in 2025/26 include £15,550 additional fees for the audit of 2023/24 and £35,000 additional fees for the audit of 2023/24. The fees payable for other services in 2025/26 include £126,400 relating to the three years ended 31 March 2024.*

27. Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). The DSG is ringfenced 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 2022. The Schools Budget includes elements for a range of educational services provided on an authority-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 as follows:

2024/25			**2025/26**	
Total		**Central Expenditure**	**Individual Schools Budget**	**Total**
£'000		**£'000**	**£'000**	**£'000**
302,669	Final DSG before Academy and High Needs recoupment			345,723
(146,609)	*Less* Academy and High Needs figure recouped for 2025/26			(163,559)
156,060	**Total DSG after Academy and High needs recoupment**			**182,164**
0	Plus: Brought forward from previous year			0
156,060	**Agreed Initial Budget Distribution**	**52,507**	**129,657**	**182,164**
2,282	In-year adjustments	1,835	(4,821)	(2,986)
158,342	**Final Budget Distribution for 2025/26**	**54,342**	**124,836**	**179,178**
(62,669)	*Less*: Actual Central Expenditure	(72,791)	0	(72,791)
(107,461)	*Less*: Actual ISB deployed to schools	0	(124,836)	(124,836)
333	*Plus:* Local Authority contribution for 2025/26	0	0	0
(11,455)	**In year Carry-Forward to 2026/27**	**(18,449)**	**0**	**(18,449)**
0	**Carry-forward to 2026/27**			**0**
(27,460)	DSG unusable reserve at the end of 2024/25			**(38,915)**
(11,455)	Addition to DSG unusable reserve at the end of 2025/26			**(18,449)**
(38,915)	**Total DSG unusable reserve at the end of 2025/26**			**(57,364)**
(38,915)	**Net DSG position at the end of 2025/26**			**(57,364)**

South Gloucestershire Council entered into a Safety Valve Agreement with the Department for Education during 2021/22. The agreement is based on a multi-year recovery plan aimed at reducing the debit balance within the DSG unusable reserves. Regulations require that deficits arising on the schools budget are held separately in an unusable reserve and do not impact on the general fund balance.

28. Grant Income

The following grants and contributions have been credited to the Comprehensive Income and Expenditure Statement:

2024/25 £'000		2025/26 £'000
	Credited to taxation and non-specific grants	
(25,526)	S31 Grant	(26,115)
(4,633)	Improved Better Care grant	(5,712)
(2,838)	New Homes Bonus	(2,670)
-	Employers National Insurance Contribution Scheme	(2,144)
(263)	Services grant	-
(33,260)	**Total non-ring-fenced government grants**	**(36,641)**
	Credited to services	
(156,886)	Dedicated Schools Grant	(177,795)
(16,778)	Social Care Grant	(19,272)
(11,415)	Public Health	(11,177)
(2,401)	Primary Schools Other Grants	(5,986)
(4,191)	ASC Market Sustainability, Improvement and Health	(4,094)
(3,416)	School grants – Primary/pupil premium	(3,380)
(2,685)	CSC - Asylum Seekers - Unaccompanied	(2,630)
(2,462)	Free School Meals	(2,162)
(1,115)	Homeless Prevention	(1,690)
(3,553)	Teachers Pay Grant	(1,394)
(808)	Families Together	(1,049)
(1,094)	Primary Schools PE & Sports Premium	(922)
(1,385)	Ukrainian Refugees	(630)
(1,082)	ASC Discharge Grant	0
(5,593)	Other Grants	(5,309)
(214,056)	**Total People**	**(237,490)**
-	Extended Producer Responsibility	(6,914)
(3,052)	Private Finance Initiative (PFI)	(635)
(2,080)	Other Grants	(2,300)
(5,132)	**Total Place**	**(9,849)**
(36,566)	Housing Benefit Subsidy	(28,947)
(1,410)	Household Support Fund	(2,485)
(1,000)	Western Gateway Secretariat	0
(2,473)	Other Grants	(1,090)
(41,449)	**Total Resources & Business Change**	**(32,522)**
(260,637)	**Total Grants credited to Services in the Comprehensive Income and Expenditure Statement**	**(279,861)**
(38)	Devon & Severn Inshore Fisheries & Conservation Authority	(38)
(38)	**Total Devon & Severn Inshore Fisheries & Conservation Authority**	**(38)**
(293,935)	**Total Revenue Grants credited to the Comprehensive Income & Expenditure Statement**	**(316,540)**

Significant capital grants included in Tax and non-specific grant income in the Comprehensive Income and Expenditure Statement were:

2024/25 £'000		Source	2025/26 £'000
(12,607)	BASIC Need	DfE	(32,791)
(9,798)	Developers' contributions	Various	(31,628)
(4,936)	Charfield Station	WECA	(15,057)
0	Thornbury Health Centre	NHS	(13,044)
(10,006)	Integrated Transport Block	DfT	(11,717)
(1,923)	City Region Sustainable Transport A4174	WECA	(11,506)
(1,777)	City Region Sustainable Transport A38	WECA	(11,142)
0	Bradley Stoke Way	WECA	(10,783)
(3,010)	City Region Sustainable Transport A432	WECA	(10,220)
(13,457)	Avonmouth & Severnside (ASEA)	WECA	(8,930)
(1,583)	High Needs provision	DLUHC	(4,837)
(2,902)	Disabled Facilities Grant	DLUHC	(3,107)
(1,209)	M49 Junction	DfT	(2,777)
(1,666)	Standards Fund	DfE	(2,064)
0	Walking and Cycling (Thornbury)	WECA	(1,951)
0	Road Safety	WECA	(1,055)
(3,069)	Arena Infrastructure	WECA	0
(7,648)	Other grants (below £1,000k)	Various	(1,748)
(75,591)	**Total**		**(174,357)**

Grant Receipts in Advance – Current

31 March 2025 £'000		31 March 2026 £'000
	Grant Receipts in Advance - Revenue	
(2,375)	ASEA Whole Life costs	(2,375)
(1,123)	Developers' contributions	(713)
(3,498)	**Total**	**(3,088)**
	Grant Receipts in Advance - Capital	
(293)	Developers' contributions	(293)
(166)	Schools energy savings	(166)
(459)	**Total**	**(459)**

Grant Receipts in Advance – non-current

31 March 2025 £'000		31 March 2026 £'000
	Grant Receipts in Advance - Revenue	
(19,772)	Developers' contributions	(22,366)
(19,772)	**Total**	**(22,366)**
	Grant Receipts in Advance - Capital	
(20,449)	Developers' contributions	(10,294)
(20,449)	**Total**	**(10,294)**

29. Transactions with 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 an assessment of 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.

Members of the Council

Members of the Council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 24. Some Members or members of their close families, have an interest in voluntary organisations and community groups awarded grants by the council. Members can award funding in accordance with the Member Awarded Funding Procedures, and in accordance with the requirements of the Member Code of Conduct. Members are advised to seek advice from Legal Services in respect of any matters in which they consider they may have an interest prior to making any decision. Some Members or members of their close families have interests in planning applications to the council. These are declared in the Member's Register of Interests which can be found on the South Gloucestershire Council website under "Your Councillors". There were no material related party transactions in 2025/26.

Other Officers

A number of officers serve on the boards of voluntary sector or not for profit organisations that provide services to or receive funding from the council. A number of officers have family members that may provide services to the council. The officers concerned make declarations of interest in the departmental Registers of Interest and ensure contacts at the council are aware of their involvement and are not involved in any decisions relating to funding or award of contracts. A review was undertaken of departmental Registers of Interests, Gifts and Hospitality. There were no significant items declared.

Entities controlled or significantly influenced by the Council

South Gloucestershire Council owns 100% of the £200 issued share capital of the Bristol and Bath Science Park Estate Management Company Ltd. (the company). The two directors of the company are council officers. The principal activity of the company is the provision of estate management services at Bristol and Bath Science Park. The company accumulates the costs of managing the estate, including utilities and staff costs recharged by the council, and recovers these through service charges to the tenants. Recharges to the company by the council amounted to £443k in 2025/26 and at 31 March 2026 the company owed £978k to the council which is included in debtors, and the council owed £393k to the company which is included in creditors. The council's interest in the company has not been included in the financial instruments disclosures at Note 13, because the net worth of the company is less than the council's minimum reporting level of £1,000. The net worth of the company is deemed to be the fair value, because the company's business model is to break-even annually.

Government Departments

The UK Central Government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates, provides a significant amount of its funding in the form of grants, and prescribes the terms of many of the transactions that the council has with other parties (e.g. Council Tax bills, Business Rates and Housing Benefits). Grant funding received by the council in 2025/26 is shown in Note 28.

30. Analysis of Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

2024/25		2025/26
£'000		**£'000**
343,343	**Opening Capital Financing Requirement**	**363,540**
	Capital Investment:	
20,152	Infrastructure Assets	56,247
11,021	Property, Plant & Equipment	11,044
5	Investment Property	8
6,867	Intangible Assets	4,314
700	Long-term loans	130
1,714	Surplus Assets	1,912
28,487	Assets under construction	45,732
37,959	Revenue Expenditure Funded from Capital under Statute	34,132
106,905		**153,519**
	Sources of Finance:	
(68,132)	Government grants & other contributions	(129,377)
(9,995)	Capital receipts	(7,889)
	Sums set aside from revenue:	
(972)	Direct revenue contributions	0
(5,557)	Minimum Revenue Provision	(8,246)
(1,543)	PFI and Finance Lease Repayment	(339)
(509)	Ex-Avon debt principal repayment	(488)
(86,708)		**(146,339)**
363,540	**Closing Capital Financing Requirement**	**370,719**
	Explanation of movements in year:	
20,197	Increase /(decrease) in underlying need to borrow (unsupported by government financial assistance)	**7,179**
20,197	**Increase/ (decrease) in Capital Financing Requirement**	**7,179**

31. Leases

Council as lessee

Right of Use assets

The council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial, however the council has acquired plant for waste disposal operations under lease contracts with terms of three to five years, which it accounts for as right-of-use assets as shown below.

	Vehicles, plant and equipment £'000
Balance at 1 April 2025	0
Additions	1,089
Balance at 31 March 2026	**1,089**

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

31 March 2025 £'000		**31 March 2026 £'000**
0	Not later than one year	261
0	Later than one year and not later than two years	261
0	Beween two and five years	478
0	**Total**	**1,000**

Council as lessor

Operating Leases

The council leases out property under operating leases for the following purposes:

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

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

31 March 2025 £'000		**31 March 2026 £'000**
1,645	Not later than one year	1,486
4,205	Later than one year and not later than five years	4,521
5,293	Later than five years	6,301
11,143	**Total**	**12,308**

The minimum lease payments receivable at 31 March 2026 do not include those from Investment Properties, which are shown separately below. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into. No contingent rents were received in 2025/26.

Operating Leases: Investment Properties

The council's Investment Properties are generally held freehold subject to a mix of letting types to include short- and long-term leases, with lease terms ranging from 10 to 125 years and subject to periodic rent reviews and break options. Most leases apply to industrial premises with the exception of the Bristol and Bath Science Park (BBSP) the Clifton offices, Costa retail unit, Travelodge hotel and office space in Kingswood Civic Centre and the Badminton Road, Yate office, which is let and now treated as investment property. The BBSP consists of an 'Innovation Centre' and 'Grow On Centres' providing flexible office, meeting and work space, as such there is a mix of Virtual Tenancies, Licenses and Leases granted at BBSP and these are reported separately. The summary below assumes, in all cases, that the current passing rent will continue for the remaining term of each Lease/Tenancy/License up to the earliest possible termination date in accordance with the Code (i.e. to cover the period which is not 'cancellable').

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

31 March 2025 £'000		31 March 2026 £'000
3,966	Not later than one year	3,854
9,957	Later than one year and not later than five years	9,264
37,541	Later than five years	35,825
51,464	**Total**	**48,943**

The minimum lease payments receivable for investment properties do not include rents that are contingent on events taking place after the lease was entered into. No contingent rents were received in 2025/26.

Finance Leases

The council has leased out 13 former secondary schools and 43 former primary schools to Academies on 125 year finance leases, all at peppercorn rents, which is a statutory requirement for Academies. For the term of the leases, the Academies will bear the risks and rewards of ownership and reflect the value of these as assets on their Balance Sheet. The value recorded in the council's accounts is £nil as it has no rights of access to the leased land or buildings, with the buildings value expected to be fully depreciated at the end of the lease term. The net book value of the land in the council's Balance Sheet (valued at depreciated replacement cost) at the point of transfer to academy status was as follows:

31 March 2025 £'000		31 March 2026 £'000
149,540	Unguaranteed residual value of property	151,586
149,540	**Total value of transfers**	**151,586**

Transactions under leases

The authority made the following gains as a lessor during the year:

31 March 2025 £'000	Operating Leases	31 March 2026 £'000
(7,815)	Total Lease Income	(7,491)

32. Service concession contract

The council had a service concession contract with Suez Recycling and Recovery South Gloucestershire Ltd for an integrated waste management service which operated from 2000 and ended in July 2025. The contract gave Suez responsibility for:

- Collection and transportation of household waste;
- Operation and management of household waste and recycling centres;
- Household waste reduction through recycling and home composting; and
- Operation of facilities for the processing and final disposal of the council's waste.

The contract specified the minimum standards for the services to be provided by the contractor, Suez, with deductions if facilities are unavailable or performance is below the standards set out. Under the terms of the contract, existing assets (buildings, vehicles, plant and machinery) were transferred to the contractor for the duration of the contract. The contractor was obliged to maintain and replace assets throughout the duration of the contract. At the end of the contract all property, plant and equipment that was transferred to the operator was returned to the council for nil consideration. The council received a PFI grant toward the cost of the scheme of £635k (see Note 28).

Value of Assets under PFI contract

The value of assets held under the PFI contract and their movements during the year is set out in Note 11.

Payments

The council made an agreed payment (or unitary charge) for the period which comprised both fixed and variable elements. Variable costs included: disposal, treatment and haulage costs for landfill, thermal treatment, composting and food waste treatment. Fixed costs included staffing, maintenance and fuel etc. together with asset acquisition and replacement throughout the contract. The unitary charge was increased each year by inflation and allowance was made for additional households in the area. The unitary charge could have been reduced if the contractor failed to meet availability and performance standards in any year but could have also be increased to reflect over-performance. There are no payments remaining to be made under the service concession contract at 31 March 2026 following the conclusion of the contract in year.

2024/25					2025/26			
Service cost	Reimbursement of capital	Interest	Total		Service cost	Reimbur-sement of capital	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
6,543	339	317	**7,199**	within 1 year	0	0	0	**0**
0	0	0	**0**	within 2-5 years	0	0	0	**0**
6,543	**339**	**317**	**7,199**		**0**	**0**	**0**	**0**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provided, the capital expenditure incurred and interest payable until the capital expenditure was reimbursed.

The remaining liability outstanding to be paid to the contractor was paid in year.

2024/25 £'000		2025/26 £'000
(1,599)	Opening balance	(338)
1,261	Repayment	338
(338)	Closing balance	**0**

33. Termination benefits

The number of exit packages agreed during the year and the total cost of redundancies are set out below.

2025/26	**No. of Compulsory Redundancies**	**Number of Other Departures**	**Total Number of Exit Packages**	**Total cost of exit packages in band £'000**
£0 – £20,000	19	8	**27**	**157**
£20,001 - £40,000	1	2	**3**	**100**
£40,001 - £60,000	1	2	**3**	**143**
£100,001 - £150,000	1	0	**1**	**116**
Total	**22**	**12**	**34**	**516**

2024/25	**No. of Compulsory Redundancies**	**Number of Other Departures**	**Total Number of Exit Packages**	**Total cost of exit packages in band £'000**
£0 – £20,000	35	10	**45**	**231**
£20,001 - £40,000	6	2	**8**	**214**
£40,001 - £60,000	1	0	**1**	**51**
£60,001 - £80,000	2	0	**2**	**150**
£100,001 - £150,000	1	0	**1**	**142**
£150,001 - £200,000	1	0	**1**	**177**
£250,001 - £300,000	1	0	**1**	**288**
Total	**47**	**12**	**59**	**1253**

Of the 2025/26 exit packages, 2 relate to schools staff with exit costs of £18,064 (in 2024/25, 5 related to schools staff with exit costs of £28,692).

Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, 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 four statutory pension schemes, which provide members with defined benefits related to pay and service. The schemes are as follows:

- The Local Government Pension Scheme (LGPS) for non-teaching staff;
- The Teachers' Pension Scheme for teaching staff;
- The NHS Pension Scheme for former NHS employees who transferred to the council when public health functions were transferred to local government in 2013, but who opted to stay within the NHS Pension Scheme, and
- Discretionary post-retirement benefits upon early retirement.

34. Pension schemes accounted for as defined contribution pension schemes

The Teachers' and NHS Pension Schemes although defined benefit schemes are accounted for under the Code as defined contribution schemes because they are both multi-employer schemes and it is not possible to attribute the liabilities to individual employers within either scheme.

The Teachers' Pension Scheme is administered by the Teachers' Pension Agency (TPA) on behalf of the Department for Education (DfE). The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by participating employer organisations. Valuations of the notional fund are undertaken every four years. The council is one employer out of 12,911 employers in the Teachers' Pension Scheme.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension liability.

The scheme provides a final salary-based pension based on service to 2015 and a career average revalued earnings based pension for service since 2015. In 2025/26, the Council paid £9.39 million representing 18% of pensionable pay to the Teachers' Pension Scheme in respect of teachers' retirement benefits (£9.51 million and 30% in 2024/25). There were no contributions remaining payable at year-end.

The NHS Pension Scheme is administered by the NHS Business Services Agency (NHSBSA). The scheme is unfunded and the NHSBSA uses a notional fund as the basis for calculating the employers' contribution rate paid by participating employer organisations. Valuations of the notional fund are undertaken every four years.

The scheme provides a final salary-based pension based on service to 2015 and a career average revalued earnings based pension for service since 2015. In 2025/26, the Council paid £0.14m to the NHS Pension Scheme (£0.11m in 2024/25). The employers' contribution rate was 23.7% of pensionable pay in 2025/26 (23.7% in 2024/25).

35. Defined Benefit Pension Schemes

The Local Government Pension Scheme (LGPS) and discretionary post-retirement benefits payable to both non-teaching and teaching staff are defined benefits schemes in that post-retirement benefits are defined in the scheme legislation rather than based on contributions to the schemes.

The Local Government Pension Scheme (LGPS) is a national scheme but administered locally. For the council, this is the Avon Pension Fund administered by Bath and North East Somerset Council. The LGPS is a funded scheme which means that the council and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with investment assets over time.

The LGPS provides a final salary-based pension based on service to 2014 and a career average revalued earnings based pension for service since 2014.

Avon Pension Fund operates under the regulatory framework for the Public Service Pensions Act 2013 and the LGPS Regulations laid thereunder. Governance of the scheme locally is the responsibility of the Pension Fund Committee of Bath and North East Somerset Council. Investment policy is determined in accordance with the LGPS Regulations as is the administration and governance of the scheme. Investment management of the fund is outsourced under the framework provided by the investment policy.

The LGPS is subject to a triennial actuarial valuation which determines the contribution rates for the next three years. The Fund’s actuary is Mercer Limited. At the last valuation in 2022, the council’s funding was valued at 99.3% meaning that there was a shortfall of £6.1m against its liabilities. This is an improvement since the 2019 valuation when council’s funding level was 98.1% meaning that the shortfall was £14.6m. The Fund’s Funding Strategy Statement sets out a deficit recovery plan designed to improve solvency to 100% over 12 years.

Following the triennial valuation in March 2022, the council was scheduled to pay normal contributions at 18.9% of pensionable pay in the years 2023/24 - 2025/26, plus total contributions of £1.832m towards recovering the deficit. In April 2023, the council made an early payment of pension fund contributions of £1.557m to the pension fund for the deficit contributions for the three years 2023/24 to 2025/26. This generated a cash saving of £0.1m to the council and improved funding for the pension fund.

The principal risks to the council from participation in the LGPS are:

- If future investment returns are lower than expected, the Fund’s asset values will be lower and the funding level will worsen;
- If improvements in life expectancy are greater than expected, the cost of benefits will increase because members are living longer than expected;
- If members make decisions about their options which increase liabilities, the funding level may worsen. An example would be if fewer members commute their future pensions into cash than expected then this will increase liabilities.

Discretionary post-retirement benefits

Both the LGPS and the teachers’ pension scheme permit employers to make discretionary awards of post-retirement benefits upon early retirement. These are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post - employment benefits

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

Post-Employment Benefits	Local Government Pension Scheme		Teachers Pension	Total	Local Government Pension Scheme		Teachers Pension	Total
	Funded	Unfunded	Unfunded	2024/25	Funded	Unfunded	Unfunded	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
Current Service Cost	19,356	0	0	**19,356**	13,745	0	0	**13,745**
Past Service cost	0	0	0	**0**	0	0	0	**0**
Settlements & Curtailments	1,837	0	0	**1,837**	442	0	0	**442**
Administration Expenses	693	0	0	**693**	844	0	0	**844**
Financing and Investment Income and Expenditure								
Net Interest Cost	2,345	318	832	**3,495**	(380)	324	845	**789**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**24,231**	**318**	**832**	**25,381**	**14,651**	**324**	**845**	**15,820**
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement								
Remeasurement of the net defined benefit liability comprising:								
Return on plan assets (excluding net interest expense)	47,410	0	0	**47,410**	(23,949)	0	0	**(23,949)**
Actuarial (gains) and losses arising on changes in demographic assumptions	(2,098)	(28)	(123)	**(2,249)**	2,961	37	235	**3,233**
Actuarial (gains) and losses arising on changes in financial assumptions	(129,971)	(392)	(907)	**(131,270)**	(11,727)	(25)	(91)	**(11,843)**
Experience (gain)/loss	(1,118)	(11)	(51)	**(1,180)**	9,921	(781)	(107)	**9,033**
Impact of pension net asset ceiling	30,698	0	0	**30,698**	26,326	0	0	**26,326**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(30,848)**	**(113)**	**(249)**	**(31,210)**	**18,183**	**(445)**	**882**	**18,620**
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(24,231)	(318)	(832)	**(25,381)**	(14,651)	(324)	(845)	**(15,820)**
Actual amount charged against the General Fund Balance for pensions in the year								
Employers' contributions payable to scheme	22,693	0	0	**22,693**	22,984	0	0	**22,984**
Retirement benefits payable to pensioners	0	831	1,929	**2,760**	0	781	1,861	**2,642**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2024/25 £'000	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2025/26 £'000
Present value of the defined benefit obligation	(822,614)	(5,983)	(15,758)	**(844,355)**	(846,176)	(4,757)	(14,779)	**(865,712)**
Fair value of plan assets	848,511	0	0	**848,511**	904,199	781	0	**904,980**
Effect of net asset ceiling	(30,698)	0	0	**(30,698)**	(58,804)	0	0	**(58,804)**
Other movements	280	0	0	**280**	0	0	0	**0**
Net liability arising from defined benefit obligation	**(4,521)**	**(5,983)**	**(15,758)**	**(26,262)**	**(781)**	**(3,976)**	**(14,779)**	**(19,536)**

However, statutory arrangements are in place whereby any deficit on the scheme is made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Hence, the deficit does not adversely impact on the financial position of the council which remains healthy.

Reconciliation of the Movements in the Fair Value of Scheme Assets

	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2024/25 £'000	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2025/26 £'000
Opening fair value of scheme assets	874,130	0	0	**874,130**	848,511	0	0	**848,511**
Interest income	42,187	0	0	**42,187**	48,765	0	0	**48,765**
Remeasurement gains/(loss)	(47,410)	0	0	**(47,410)**	23,949	0	0	**23,949**
Employer contributions	22,176	831	1,929	**24,936**	22,984	781	1,861	**25,626**
Contributions from scheme participants	7,618	0	0	**7,618**	7,921	0	0	**7,921**
Benefits paid	(41,051)	(831)	(1,929)	**(43,811)**	(43,211)	0	(1,861)	**(45,072)**
Administration expenses	(693)	0	0	**(693)**	(844)	0	0	**(844)**
Settlements	(8,446)	0	0	**(8,446)**	(3,876)	0	0	**(3,876)**
Closing balance at 31 March	**848,511**	**0**	**0**	**848,511**	**904,199**	**781**	**0**	**904,980**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2024/25 £'000	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2025/26 £'000
Opening balance at 1 April	(931,955)	(6,927)	(17,936)	**(956,818)**	(822,614)	(5,983)	(15,758)	**(844,355)**
Current service cost	(19,356)	0	0	**(19,356)**	(13,745)	0	0	**(13,745)**
Interest cost	(44,532)	(318)	(832)	**(45,682)**	(46,605)	(324)	(845)	**(47,774)**
Contributions from scheme participants	(7,618)	0	0	**(7,618)**	(7,921)	0	0	**(7,921)**
Remeasurement (gains) and losses:								
Actuarial gains/losses arising from changes in demographic assumptions	2,098	28	123	**2,249**	(2,961)	(37)	(235)	**(3,233)**
Actuarial gains/losses arising from changes in financial assumptions	129,971	392	907	**131,270**	11,727	25	91	**11,843**
Experience gain/loss	1,118	11	51	**1,180**	(9,921)	781	107	**(9,033)**
Benefits paid	41,051	831	1,929	**43,811**	42,430	781	1,861	**45,072**
(Gains)/losses on curtailment	(582)	0	0	**(582)**	(162)	0	0	**(162)**
Liabilities extinguished on settlements	7,191	0	0	**7,191**	3,596	0	0	**3,596**
Closing balance at 31 March	(822,614)	(5,983)	(15,758)	**(844,355)**	(846,176)	(4,757)	(14,779)	**(865,712)**

Asset Ceiling

	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2024/25 £'000	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2025/26 £'000
Opening Balance at 1 April	0	0	0	**0**	(30,698)	0	0	**(30,698)**
Impact of pension net asset ceiling	(30,698)	0	0	**(30,698)**	(28,106)	0	0	**(28,106)**
Closing Balance as at 31 March	(30,698)	0	0	**(30,698)**	(58,804)	0	0	**(58,804)**

Measurement of a net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, available economic benefits have been assessed with reference to reductions in future contributions and future service costs, in accordance with IFRIC 14.

At 31 March 2026 the estimated present value of minimum funding contributions exceed the estimated present value of future service costs and therefore there is deemned to be no economic benefit and the asset ceiling is calculated as £28.106m The adjustment to the defined benefit plan asset, as a result of applying the asset ceiling test is reported as part of the remeasurement of the net defined benefit pension liability/asset appearing in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in 2025/26 was £58.54 million (£5.223 million in 2024/25).

Local Government Pension Scheme assets comprised:

		Quoted prices in active markets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	31 March 2026
		£'000	£'000	£'000	£'000
Equities	UK quoted	0	0	0	0
	Global quoted	380,997	0	0	380,997
	Sub-total equity				**380,997**
Bonds:	UK Government indexed	190,046	0	0	190,046
	Sterling Corporate Bonds	126,697	0	0	126,697
	Sub-total bonds				**316,743**
Property:	Property Funds	0	41,629	0	41,629
	Sub-total property				**41,629**
Alternatives:	Hedge Funds	0	0	1,810	1,810
	Infrastructure	0	0	74,208	74,208
	Secured Income	0	89,593	0	89,593
	ETFs	8,145	0	0	8,145
	Private Debt	0	0	41,629	41,629
	Synthetic offset	0	0	(89,593)	(89,593)
	Local impact	0	0	8,145	8,145
	Sub-total alternatives				**133,937**
Cash:	Cash accounts	31,674	0	0	31,674
Sub-total cash					**31,674**
Total Assets		**737,559**	**131,222**	**36,199**	**904,980**

		Quoted prices in active markets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	31 March 2025
		£'000	£'000	£'000	£'000
Equities	UK quoted	0	0	0	0
	Global quoted	346,192	0	0	346,192
	Sub-total equity				**346,192**
Bonds:	UK Government indexed	163,763	0	0	163,763
	Sterling Corporate Bonds	81,457	0	0	81,457
	Sub-total bonds				**245,220**
Property:	Property Funds	0	43,274	0	43,274
	Sub-total property				**43,274**
Alternatives:	Hedge Funds	0	0	2,546	2,546
	Diversified Growth Funds	0	56,850	0	56,850
	Infrastructure	0	0	75,517	75,517
	Secured Income	0	91,639	0	91,639
	ETFs	3,394	0	0	3,394
	Private Debt	0	0	37,334	37,334
	Sub-total alternatives				**267,280**
Cash:	Cash accounts	(53,456)	0	0	(53,456)
Sub-total cash					(53,456)
Total Assets		**541,350**	**191,763**	**115,397**	**848,510**

Fair Value Hierarchy of assets

The estimated fair value hierarchy for the pension scheme assets is set out below.

	31 March 2026		31 March 2025	
	£'000	**%**	**£'000**	**%**
Quoted prices in active markets (Level 1)	737,559	82%	541,350	64%
Other significant observable inputs (Level 2)	131,222	14%	191,763	23%
Significant unobservable inputs (Level 3)	36,199	4%	115,397	13%
Total	**904,980**	**100%**	**848,510**	**100%**

Basis for estimating assets and liabilities

Liabilities have been assessed using the projected unit credit actuarial cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the council's Fund being based on the latest full valuation of the scheme as at 31 March 2025. The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Teachers Pensions	
	2025/26	**2024/25**	**2025/26**	**2024/25**
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.1	22.0	22.1	22.0
Women	24.6	24.1	24.6	24.1
Longevity at 65 for future pensioners:				
Men	23.2	23.2	n/a	n/a
Women	26.1	26.1	n/a	n/a
Rate of inflation - CPI	2.9%	2.6%	2.9%	2.7%
Rate of increase in salaries	4.4%	4.1%	n/a	n/a
Rate of increase in pensions	3.0%	2.7%	3.0%	2.8%
Rate for discounting scheme liabilities	6.2%	5.8%	6.0%	5.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

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

Impact on the Defined Benefit Obligation in the Scheme	**Increase in Assumption**	**Decrease in Assumption**
	£'000	**£'000**
Longevity (increase or decrease by 1 year)	21,371	57,165
Rate of inflation (increase or decrease by 0.25%)	10,413	68,123
Rate of increase in salaries (increase or decrease by 0.25%)	51,110	56,984
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	94,195	(15,659)

Risk Management Strategy

The funding strategy for the Local Government Pension Scheme has been developed alongside the Fund's investment strategy on an integrated basis taking into account the overall financial and demographic risks inherent in the Fund to meet the objective for all employers over different periods. The funding strategy includes appropriate margins to allow for the possibility of adverse events (e.g. material reduction in investment returns, economic downturn and higher inflation outlook) leading to a worsening of the funding position which would result in greater volatility of contribution rates at future valuations if these margins were not included.

In the context of managing various aspects of the Fund's financial risks, the Administering Authority has implemented a number of investment risk management techniques. These include:

- Equity Protection - The Fund has implemented protection against potential falls in the equity markets via the use of derivatives. The aim of the protection is to provide further stability in employer deficit contributions in the event of a significant equity market fall.
- Liability Driven Investments (LDI) - The Fund has implemented an LDI strategy in order to hedge part of the Fund's assets against changes in liabilities for one or more employers.
- Lower risk investment strategy - This strategy predominately uses corporate bond investment assets and is expected to reduce funding volatility for employers within it. In these circumstances, the discount rate is directly linked to the yields on the corporate bonds within the strategy. In addition, the strategy has exposure to the Liability Driven Investment ("LDI") portfolio to provide protection against changes in market inflation expectations.

The principal aim of these risk management techniques is to provide more certainty of real investment returns versus CPI inflation and/or protect against volatility in the termination position. In other words, they are designed to reduce risk and provide more stability/certainty of outcome for funding and ultimately employer contribution rates.

Two employment tribunals (the McCloud and Sargeant judgements) and the Appeal Court have found that transitional provisions contravened age discrimination legislation, and therefore the changes introduced by the 2013 Act would need to be remedied. The Government confirmed that a remedy is required for the LGPS in relation to the McCloud judgement. The Regulations have not been finalised at this stage and so, in line with guidance, a reasonable estimate for the potential cost of McCloud has been included within the liabilities calculated.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The agreed strategy with the scheme actuary is to achieve a funding level of 100% over the next 12 years. Funding levels are monitored on an annual basis. The last triennial valuation was due to be completed on 31 March 2025.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2027 are £18.706m. In addition, the Council made a pension deficit contribution of £1.557m in April 2023, relating to the years 2023/24, 2024/25 and 2025/26.

36. Contingent liabilities

In 1992 Northavon District Council, along with a number of other local authorities, became party to guarantee of £100m 8¾ % Loan Stock issued by North Housing Association – now known as Home Group Ltd. The loan stock matures in 2037. The share in the guarantee, now South Gloucestershire Council's, is 6.52%, however the guarantors have joint and several liability. Under the terms of the guarantee agreement the council has registered first legal charges over a number of properties the value of which exceeds the council's share of the guarantee. If the guarantee were called in, the council would receive the benefit of these.

South Gloucestershire Council may be the subject of compensation claims under Part 1 of the Land Compensation Act 1973, in relation to the Cribbs Patchway Metrobus extension and Wraxall Road Throughabout schemes. The outcome of these claims is uncertain and therefore no provision has been made in the accounts at 31 March 2026.

In 2006 South Gloucestershire Council transferred its housing stock to a newly registered not-for-profit social landlord, Merlin Housing. Upon transfer several staff were transferred across, for which the Council is guarantor for future pension liabilities. At present this is estimated to be in the region of £2m.

37. Contingent assets

As part of the City Region Deal, the four participant authorities have established an Economic Development Fund (the Fund) to re-invest money from the business rates pool (the Pool) within each authority's area through approved programmes. Distributions from the Fund are subject to approval by the Board governing the Fund. However, distributions are contingent on there being sufficient cash within the Pool to make the distributions, as the Pool cannot anticipate future income. Consequently, cash is retained in the Pool as "Committed Cash not yet allocated". As at 31 March 2026, the council has a contingent asset of £38m, representing the committed cash not yet allocated to the council from the Fund.

38. Nature and extent of risk arising from financial instruments

Key Risks

The council's activities expose it to a variety of financial risks, the key risks being:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the council;
- **Liquidity risk** – the possibility that the council might not have funds available to make contracted payments as they fall due;
- **Market risk** - the possibility that unplanned financial loss might materialise because of changes in market variables such as interest rates or equity prices.

Overall Procedures for Managing Risk

The council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities. In line with the Treasury Management Code it maintains corporate risk management processes which are designed to identify, assess and manage all key strategic, operational and financial risks. More specifically:

- Treasury Management and Investment Strategies are produced each year and approved by elected members to set out how the council will fund its capital spending, how it lends its surplus cash and how it will manage the risks inherent in these activities.
- Treasury Management Practice Schedules are produced which specify the practical arrangements to be followed to manage these risks.
- Financial Regulations are detailed written policies covering day to day procedures and internal controls to be observed when initiating, processing and reporting financial transactions.

Credit Risk: Treasury Investments

Investment credit risk is minimised through the Annual Investment Strategy, which complies with the MHCLG guidance on Local Government Investments. This emphasises that priority is to be given to security and liquidity rather than yield. This requires that deposits are only made with organisations of high credit quality as set out in the strategy.

For 2025/26 these credit criteria were

- long-term rating of 'A-', from Fitch, Moody's or Standard and Poor's credit ratings agencies for banks and building societies
- unrated banks and building societies may be used, but limited to a maximum deposit of £1m for a maximum period of 100 days
- non-UK banks domiciled in countries with minimum sovereign rating of AA+.

The Investment Strategy also imposes maximum amounts and time limits for investments. Depending on credit ratings, these limits in 2025/26 were:

- up to £15m with any single institution (other than the UK Government), with time limits according to sector
- money market fund deposits to be no more than £20m per fund
- investments in non-UK banks not to exceed £75m in total.

The Annual Investment Strategy for 2025/26 was approved by Council on 19th February 2025 as part of the Treasury Management, Borrowing and Investment Strategy report, and is available on the council's website.

The Authority's maximum exposure to credit risk in relation to its investments in banks, building, societies and money market funds cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The council has no past experience of default on its investments and does not expect any losses from default by any of its counterparties.

The table below summarises the credit risk exposures of the council's treasury investment portfolio by credit rating and remaining time to maturity (gross of impairment allowances):

Credit Rating	31 March 2026		31 March 2025	
	Long term £'000	**Short term £'000**	**Long term £'000**	**Short term £'000**
Unrated local authorities	0	0	0	5,006
Total	**0**	**0**	**0**	**5,006**
Credit risk not applicable*	23,934	28,200	23,289	15,400
Total investments	**23,934**	**28,200**	**23,289**	**20,406**

* Credit risk is not applicable to shareholdings and pooled funds where the council has no contractual right to receive any particular sum of money.

At 31st March 2026, loss allowances related to treasury investments were nil, as there were no fixed term treasury deposits (2024/25: £nil as all fixed term investments were loans to other UK local authorities).

Credit Risk: Trade Receivables

In respect of trade debtors, credit risk is minimised by a combination of:

- encouraging payment by direct debit;
- increasing the range of payment options available (such as by internet, telephone, or using retail networks for the acceptance of payment e.g. Payzone and Paypoint);
- where possible, obtaining payment in advance of service delivery;
- regular reporting on outstanding debt;
- negotiating flexible agreements for repayment of past due debt when necessary; and
- setting collection procedures based on age of debts (reminder letters progressing to County Court Claims).

The council's credit terms for trade debtors are 14 days, such that £39,017k (£42,980k at 31 March 2025) is past its due date for payment. This past due amount can be analysed as follows:

	31 March 2026 £'000	31 March 2025 £'000
Less than one month	10,861	7,321
One to two months	953	4,852
Two to six months	4,675	15,615
More than six months	22,528	15,192
Total	**39,017**	**42,980**

In addition to the trade debtors detailed above, the council has £6.2m of social care debtors at 31 March 2026, which arise when clients are allowed to defer payment for services if they cannot afford to pay immediately. The council enters into a deferred payment agreement with the client under The Care and Support (Deferred Payment) Regulations 2014 which incorporates a charge over the client's property to secure payment for services accruing during the deferral period. Provision has also been made to cover circumstances where the value of the property sold may not meet the value of the amount due to the council for care fees.

Loss allowances on trade receivables have been calculated by reference to the council's historic experience of default.

Trade receivables are collectively assessed for credit risk in the following groupings:

		31 March 2026		31 March 2025	
Debtor by Service Area	**Range of allowances set aside**	**Gross receivable**	**Loss allowance**	**Gross receivable**	**Loss allowance**
		£'000	**£'000**	**£'000**	**£'000**
People - Adults	1% - 100%	14,248	(4,483)	26,084	(4,185)
People - Children	1% - 100%	850	(113)	2,526	(107)
People – Public Health	1% - 100%	29	0	234	0
Place	1% - 100%	5,689	(535)	6,554	(384)
Resources & Business Change	1% - 100%	18,201	(662)	7,582	(406)
		39,017	**(5,793)**	**42,980**	**(5,082)**

A bad debt allowance is established when invoices are more than one month overdue for payment, but recovery action continues until all appropriate avenues are exhausted. Trade debtors are fully written off after all appropriate measures have been taken to recover payment, and in cases of bankruptcy. The amount written off at 31st March 2026 is £13k (2025: £15k) and is not subject to further enforcement action.

Credit Risk: Loans, Financial Guarantees and Loan Commitments

At 31 March 2026, the council was not party to any financial guarantees or loan commitments requiring recognition on the Balance Sheet. In the furtherance of the council's service objectives it has lent money to a local charity. It has also made loans to two local companies, one to support its response to the Climate Emergency and one to support the development of housing. The loan for housing development was fully repaid in 2025/26. The amounts recognised on the Balance Sheet and the council's total exposure to credit risk in relation to these loans are as follows:

Borrower	Exposure type	Balance Sheet 31 March 2026 £'000	Risk exposure 31 March 2026 £'000	Balance Sheet 31 March 2025 £'000	Risk exposure 31 March 2025 £'000
Local charity	Loans at market rates	592	592	592	592
Loans to local companies	Loans at market rates	1,709	1,709	2,107	2,107
TOTAL		**2,301**	**2,301**	**2,699**	**2,699**

The council manages the credit risk inherent in its loans for service purposes, financial guarantees, and loan commitments in line with its published Commercial and Service Investment Strategy.

The Balance Sheet amounts at 31 March 2026 are net of allowances of £567,600 which represents the twelve month expected credit loss on the above loans (31 March 2025: £406,673).

Liquidity Risk

The council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. It also has ready access to borrowing at favourable rates from the Public Works Loans Board and other Local Authorities, and at higher rates from banks and building societies. The council also manages its daily liquidity position through day-to-day cash flow management, which seeks to ensure that cash is readily available when needed. There is no perceived risk that the council will be unable to raise finance to meet its commitments.

Refinancing Risk

This is the risk that the council may need to refinance a significant proportion of its borrowings at a time of unfavourably high interest rates. The council's approved Treasury Management, Borrowing and Investment Strategies address this risk by:

- setting prudential indicators for the maturity structure of debt;
- ensuring that long term borrowing is matched to the value of capital investment over time.

The Treasury Management team manage operational risks within these approved parameters by taking out new borrowing or rescheduling of existing debt where it is economic and appropriate to do so, and by monitoring the maturity profile of existing investments.

The maturity analysis of financial liabilities is shown in the tables below, shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payments) figures.

DISCOUNTED	31 March 2026			31 March 2025		
Principal due in:	**Borrowing £'000**	**Lease liabilities £'000**	**Liquid financial assets £'000**	**Borrowing £'000**	**Lease liabilities £'000**	**Liquid financial assets £'000**
Less than one year	(38,199)	(223)	28,200	(34,028)	0	20,406
Between one and two years	(8,756)	(234)	0	(10,447)	0	0
Between two and five years	(3,766)	(452)	0	(1,341)	0	0
Between five and ten years	(6,277)	0	0	(2,233)	0	0
Between ten and twenty years	(22,160)	0	0	(15,563)	0	0
Between twenty and thirty years	(52,319)	0	0	(42,319)	0	0
Between thirty and forty years	(18,000)	0	0	(38,500)	0	0
Between forty and fifty years	0	0	0	(8,700)	0	0
	(149,477)	**(909)**	**28,200**	**(153,131)**	**0**	**20,406**

UNDISCOUNTED	**31 March 2026**			**31 March 2025**		
	Borrowing	**Lease liabilities**	**Liquid financial assets**	**Borrowing**	**Lease liabilities**	**Liquid financial assets**
Principal due in:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Less than one year	(42,480)	(261)	28,200	(38,683)	0	20,415
Between one and two years	(13,421)	(261)	0	(15,246)	0	0
Between two and five years	(16,887)	(478)	0	(14,959)	0	0
Between five and ten years	(27,151)	0	0	(24,762)	0	0
Between ten and twenty years	(59,243)	0	0	(59,170)	0	0
Between twenty and thirty years	(77,676)	0	0	(76,087)	0	0
Between thirty and forty years	(19,152)	0	0	(44,706)	0	0
Between forty and fifty years	0	0	0	(9,215)	0	0
	(256,010)	**(1,000)**	**28,200**	**(282,828)**	**0**	**20,415**

Note: Trade payables are not included in the tables above, but all are due to be settled within one year.

Market Risk

Interest rate risk – the council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

borrowings at variable rates	the interest expense will rise
borrowings at fixed rates	the fair value of the liabilities will fall
investments at variable rate	the interest income will rise
investments at fixed rates	the fair value of the assets will fall

The annual Treasury Management Strategy includes expectations of interest rate movements, and aims to mitigate risks by monitoring the twelve–month revenue impact of a 1% fall and rise in interest rates.

The Treasury Management team monitors market and forecast interest rates and this feeds into the setting of the annual budget as well as in-year budget monitoring. This allows for adverse changes to be accommodated, and exposure to be adjusted accordingly. 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, and the drawdown of longer term fixed rate borrowing may be postponed.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher at 31 March 2026 with all other variables held constant, the financial effect would be:

	31 March 2026 £'000	31 March 2025 £'000
Increase in interest payable on variable borrowing (includes all borrowing for less than 1 year)	252	259
Increase in interest receivable on variable rate investments (includes all investments for less than 1 year)	(264)	(205)
Decrease in fair value of investments held at fair value through profit and loss	393	405
Impact on Surplus or Deficit on the Provision of Services	**381**	**459**
Decrease in fair value of fixed rate borrowing (no impact on Surplus or Deficit on Provision of Services or Other Comprehensive Income and Expenditure)	(9,621)	(10,912)
Decrease in fair value of fixed rate investment assets (no impact on Surplus or Deficit on Provision of Services or Other Comprehensive Income and Expenditure)	0	1

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

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

The council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the council's maximum exposure to pooled property investments of £15m. A 5% fall in commercial property prices at 31 March 2026 would result in a £307k charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Fund Adjustment Account.

The council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the council's maximum exposure to pooled equity, bond and multi-asset fund investments of £25m. A 5% fall in share prices at 31 March 2026 would result in a £277k charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Fund Adjustment Account.

Foreign exchange risk – the council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

39. City Region Deal

Background

Under the West of England City Region Deal, Bristol City, Bath and 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 rate income collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the city region's network of Enterprise Zones and Enterprise Areas over a 25 year period ending on 31st March 2039 to create an Economic Development Fund (EDF) for the West of England and to manage local demographic and service pressures arising from economic growth.

A ‘baseline’ level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2014. Business 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 is determined through a Business Rates Pool Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

Transactions

Each participating authority pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the Business Rates Pool (BRP), representing business rates collected in the Enterprise Zones and 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 transactions are shown in the table below under “Cash Transactions”. The expenditure and revenue recognised in the council’s CIES is also displayed and shows the decrease in funds held of £6,445k.

Growth paid over to the BRP is recognised as expenditure by each council to the extent that the use of the funds by the BRP has been incurred. The council's share of the unallocated cash balance held by the Pool (£58,169k) is recognised as income and held in an earmarked reserve to smooth the impact of City Region Deal transactions and match the release of revenue support and charges for projects.

The difference between the cash sums paid by the council of £30,928k and the expenditure recognised of £24,483k is equivalent to the £6,446k decrease in uncommitted and unallocated funds transferred to the earmarked reserve.

The BRP has made the following payments on behalf of the EDF in 2025/26:

To:	**£’000**
Bristol City Council	6,652
North Somerset Council	172
Bath and North East Somerset Council	72
South Gloucestershire Council	4,161
Total	11,057

	Cash Transactions		Revenue & Expenditure	
	Business Rates Pool Total	**of which SGC Share**	**Council Expenditure**	**Council Income**
	£'000	**£'000**	**£'000**	**£'000**
Funds held by Business Rates Pool (BRP) at 1 April 2025	**(84,166)**	**(51,724)**		
Analysed between:				
Uncommitted cash (Tier 2 incl. contingency)	(4,292)	0		
Uncommitted cash - contingency	(4,213)	(2,539)		
Committed Cash (Tier 2 commitments)	(75,661)	(49,185)		
	(84,166)	(51,724)		
Receipts into Pool in year:				
Growth sums payable by councils into BRP (including interest)	(54,197)	(30,928)	24,483	
Distributions out of the Pool in year				
Tier 1 – no worse off	18,797	8,039		(8,038)
BRP Management Fee	42	10		(40)
EDF Management Fee	73	18		
Tier 2 EDF Funding	11,057	8,546		(4,161)
Tier 3 Demographic and Service pressures	12,304	7,870		(6,407)
Total distributions out of the Pool in year	**42,273**	**24,483**		
Funds Held by BRP at 31 March 2026	(96,090)	(58,169)		
Analysed between:				
Uncommitted cash (Tier 2)	(6,308)	0		
Uncommitted cash (contingency)	(4,841)	(2,813)		
Committed cash (Tier 2 commitments)	(84,940)	(55,357)		
Total CRD Business Rates Pool	(96,090)	(58,169)		
Expenditure/ (Revenue) recognised			**24,483**	**(18,646)**
Increase in funds held		**(6,446)**	**(6,446)**	
			18,037	

Under the terms of the EDF agreement, annual EDF payments from the business rates pool will only be made subject to there being sufficient cash held in the Fund in the relevant year and will be pro-rated in the event of a shortfall. Until the EDF payments become physically due each year, the cash is retained in the business rates pool and held as "Committed Cash not yet allocated". These allocations will fluctuate significantly as overall levels of cash in the Fund change and as additional EDF-funded projects are approved. EDF income to the council in respect of future year payments from the EDF is not considered sufficiently certain in terms of timing or amount to recognise a debtor at year end, and therefore is a contingent asset. Based on the current cash held and status of approved schemes, the contingent future allocation of the committed cash to the Council is £37,848k, of the total £84,940k committed pool balance. The council itself has recognised revenue income of £18,646k from the BRP and expenditure of £24,483k to the Pool for the year of which £30,928k related to expenditure recognised in the year and £6,446k related to an increase on the funds held. The expenditure of £24,483k is made up of £41,583k net distributions plus £5,187k interest.

Collection Fund

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.

2024/25 Business Rates	2024/25 Council Tax	2024/25 Total		2025/26 Business Rates	2025/26 Council Tax	2025/26 Total	Note
£'000	£'000	£'000		£'000	£'000	£'000	
0	(238,258)	**(238,258)**	Council Tax receivable	0	(253,858)	**(253,858)**	C2
(171,447)	0	**(171,447)**	Business Rates receivable	(177,014)	0	**(177,013)**	C3
(171,447)	**(238,258)**	**(409,705)**	**Income in year**	**(177,014)**	**(253,858)**	**(430,871)**	
7,879	(2,200)	**5,679**	South Gloucestershire Council	1,182	(930)	**252**	
419	0	**419**	West of England Combined Authority	63	0	**63**	
84	(104)	**(20)**	Avon Fire Authority	13	(41)	**(28)**	
0	(334)	**(334)**	Avon & Somerset Police & Crime Commissioner	0	(134)	**(134)**	
8,382	(2,638)	**5,744**	**Apportioned Prior Year Surplus (Deficit)**	1,258	(1,105)	**153**	
(163,065)	**(240,896)**	**(403,961)**	**Total Income**	**(175,755)**	**(254,963)**	**(430,718)**	
			Expenditure				
			Precepts, demands and shares				
129,753	199,167	**328,920**	South Gloucestershire Council	133,451	211,850	**345,301**	
6,902	0	**6,902**	West of England Combined Authority	7,098	0	**7,098**	
1,380	8,747	**10,127**	Avon Fire Authority	1,420	9,371	**10,791**	
0	28,586	**28,586**	Avon & Somerset Police & Crime Commissioner	0	30,385	**30,385**	
138,035	236,500	**374,535**		141,969	251,606	**393,575**	
			Charges to the Collection Fund				
274	1,837	**2,111**	Increase/(decrease) in bad debt impairment allowances	528	2,912	**3,440**	
544	1,227	**1,771**	Write-offs of uncollectable amounts	728	1,302	**2,030**	
4,432	0	**4,432**	Increase/(decrease) in provision for Business Rate appeals	5,010	0	**5,010**	
354	0	**354**	Cost of collection allowance	355	0	**355**	
27,814	0	**27,814**	City Region growth disregard	27,180	0	**27,180**	
795	0	**795**	Renewable Energy cost	505	0	**505**	
0	0	**0**	Transition Protection Payment	426	0	**426**	
34,213	3,064	**37,277**		34,732	4,214	**38,946**	
172,248	**239,564**	**411,812**	**Total Expenditure**	**176,701**	**255,820**	**432,521**	
9,183	**(1,332)**	**7,851**	**(Surplus)/ Deficit for the Year**	**945**	**857**	**1,802**	
(6,354)	**3,054**	**(3,300)**	(Surplus)/ Deficit Brought Forward	**2,930**	**1,722**	**4,652**	
2,829	**1,722**	**4,551**	**(Surplus)/ Deficit Carried Forward**	**3,875**	**2,579**	**6,455**	**C1**

Notes to the Collection Fund

C1 Apportionment of Fund Balance

2024/25			Apportionment of Fund Balance	2025/26		
Business Rates £'000	**Council Tax £'000**	**Total £'000**		**Business Rates £'000**	**Council Tax £'000**	**Total £'000**
2,660	1,450	**4,110**	South Gloucestershire Council	3,642	2,172	**5,814**
141	0	**141**	West of England Combined Authority	194	0	**194**
28	64	**92**	Avon Fire Authority	39	96	**135**
0	208	**208**	Avon & Somerset Police & Crime Commissioner	0	311	**311**
2,829	**1,722**	**4,551**	**Total**	**3,875**	**2,579**	**6,454**

C2 Calculation of the Council Tax Base

The council derives income from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the council in the forthcoming year and dividing this by the council tax base (i.e. the equivalent numbers of Band D dwellings). The tax base for 2025/26 was calculated as follows:

Band	No. of Properties adjusted for growth & disabled relief	Discounts & Exemptions incl. LCTR Discounts	Discounted Equivalent Properties	Ratio to Band D	Band D Equivalent Properties
A-	43	18	25	5/9	13.9
A	14,528	5,068	9,460	6/9	6,306
B	37,242	6,549	30,693	7/9	23,872
C	31,001	4,151	26,850	8/9	23,867
D	25,318	2,524	22,794	1	22,794
E	13,765	966	12,799	11/9	15,643
F	6,581	538	6,043	13/9	8,729
G	2,199	170	2,029	15/9	3,382
H	172	10	163	2	325
Total	**130,849**	**19,994**	**110,856**		**104,932**
Adjustment to allow for new discounts & single persons allowances					(1,578)
Council Tax Base for 2025/26					**103,354**

C3 Non-Domestic Rateable Value and multiplier

2024/25		**2025/26**
£384,691,798	Total Non-Domestic Rateable Value at 31 March 2025	
	Total Non-Domestic Rateable Value at 31 March 2026	**394,658,696**
0.546	National Non-Domestic Rate multiplier for the year (standard)	0.555
0.499	National Non-Domestic Rate multiplier for the year (small business)	0.499

Draft Annual governance statement

July 2026

(A requirement of the Accounts and Audit Regulations (England) 2015)

40. Executive summary

This Annual Governance Statement (AGS) provides assurance on the adequacy and effectiveness of South Gloucestershire Council's governance arrangements for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts. It summarises how the Council has assessed the effectiveness of its governance framework and identifies the key priorities for improvement during 2026/27.

Overall, the Council's governance arrangements in 2025/26 were robust and remain fit for purpose, providing a sound framework for decision making, delivery of the Council Plan 2024–2028, stewardship of public resources and accountability to residents. The review of effectiveness did not identify any significant governance failures during the year and provides reasonable assurance that the framework is operating adequately in practice, recognising that no system of governance can provide absolute assurance.

The assessment draws on a wide range of assurance sources, including internal audit (reasonable assurance overall), external audit and value for money work, external inspection and assessment activity (including SEND and adult social care), statutory officer assurance and the work of members through Audit and Accounts Committee and Scrutiny.

While governance is assessed as effective overall, the Annual Governance statement highlights areas where arrangements need to be strengthened or further embedded during 2026/27, reflected in the Governance Action Plan. The key priorities are:

- Strengthen financial reporting, budget monitoring and external audit readiness following implementation of the new finance and HR system and continue to embed improved procurement governance.
- Maintain focus on reducing the Dedicated Schools Grant (DSG) deficit and evidencing progress against recovery plans, in response to external audit's key recommendation.
- Continue delivery and oversight of the Adult Social Care improvement plan following the Care Quality Commission assessment, including scrutiny reporting and assurance arrangements.
- Strengthen organisational business continuity arrangements to ensure preparedness and resilience.
- Address gaps in mandatory transparency reporting to achieve full compliance with the Transparency Code.

Looking ahead, the Council will keep its governance arrangements under review and will examine the role of boards to support better decision making, potential changes arising from regional devolution arrangements, and the volume of national policy change affecting delivery of Council services.

41. Introduction

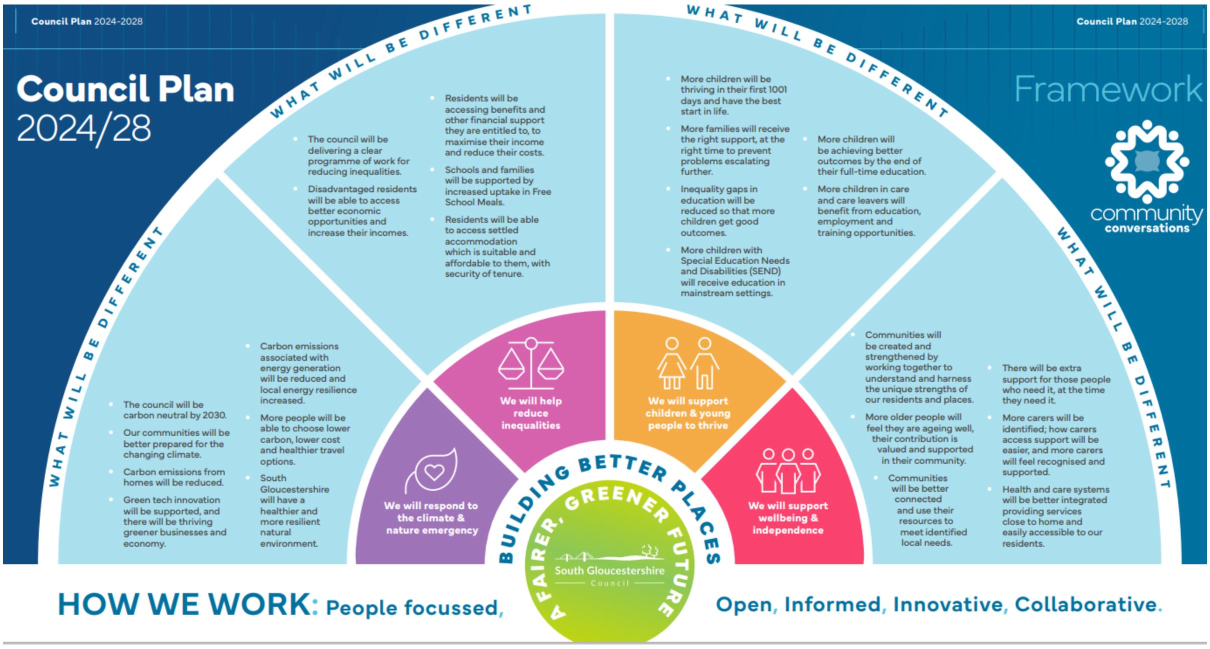
"We believe that together we can build the fairer, greener future we all want for our places and communities."

Our key priorities are:

- We will respond to the climate and nature emergency
- We will help reduce inequalities
- We will support children and young people to thrive
- We will support wellbeing and independence

Delivering these priorities requires good governance. Our member-led Council plan provides for our ambition and direction of travel to ensure success, and it has been approved by the Full Council.

The Council Plan 2024-2028



The local Code of Corporate Governance sets out how we adhere to the principles of good governance to ensure we succeed in the delivery of our purpose.

Against a backdrop of rising inflation, international volatility and cost of living pressures, the Council is continuing to deliver a high quality of services to all residents. Demand for services from some of the most vulnerable continues to grow. The Council has a commitment to ensuring the highest levels of probity and financial prudence to be able to demonstrate value for money. The Council has committed to delivering further savings to reduce costs and ensure a balanced budget over the next few years. Good governance is essential to our approach and ensures we continue to engage with our key partners and local communities.

> This Annual Governance Statement provides transparency and assurance over our governance arrangements. It presents the results of the 2025/26 effectiveness review and it looks ahead at the governance priorities and improvements for 2026/27

This document covers the governance framework that was in place at South Gloucestershire Council for the financial year ended 31 March 2026 and up to the date of approval of the Statement of Accounts. It sets out:

- The statement of opinion of the council's governance arrangements
- A brief description of the essential elements of governance at the Council
- how the Council has reviewed the effectiveness of its governance arrangements;
- the sources of assurance that have informed the overall assessment, including internal and external audit;
- confirmation of whether the Council's governance arrangements are fit for purpose; and
- any significant governance issues identified, together with the actions planned to address them.

42. Statement of Opinion

We are pleased to confirm our opinion that the Council's governance arrangements in 2025/26 were robust and provided an effective framework for delivering the Council's priorities. Over the coming year we will continue to monitor the operation of the governance framework and plans to address any improvements.

Signed: ……………………………………………………………………Leader of the Council

…………………………………………………………Chief Executive on behalf of the Council

43. Essential elements of good governance

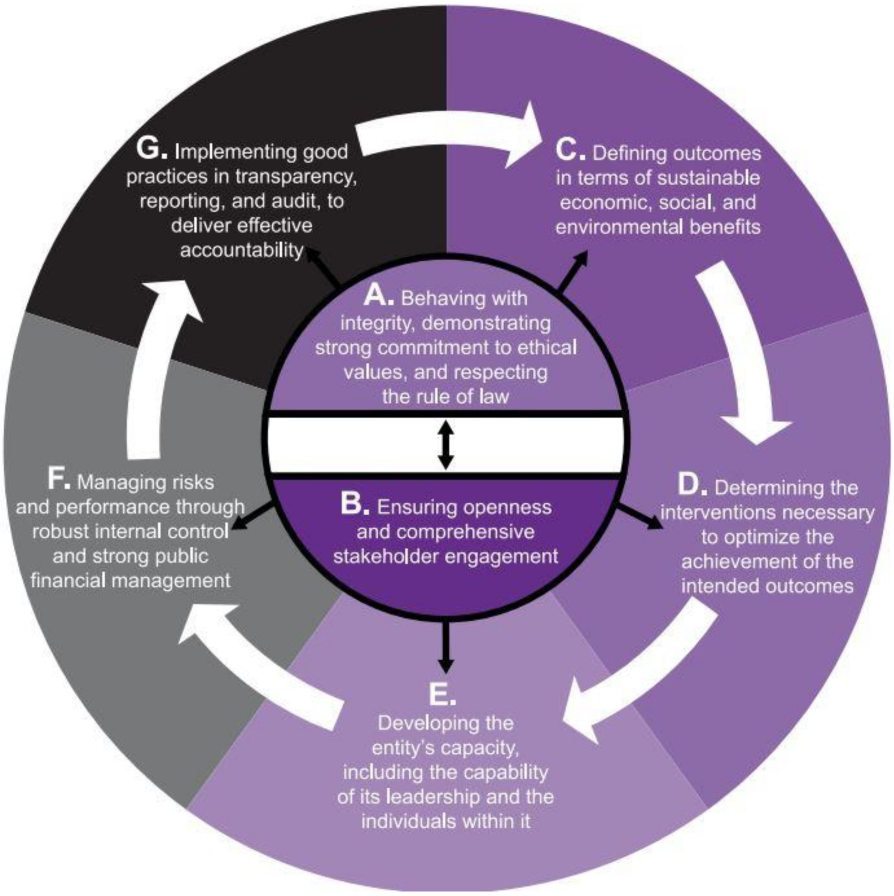
Governance means: the values, culture, processes and systems by which the Council is controlled, directed and through which we deliver services for our communities. Governance means carrying out our activities in accordance with the law and proper standards, and that public money is properly accounted for, and used well.

The council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised.

In discharging these responsibilities, the council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk.

The council has approved and adopted a constitution, with other governance policies to form our corporate governance framework. The statement will seek to assess the effectiveness of this framework and will use the CIPFA "Seven principles of good governance (see overleaf):

44. Delivering good governance – principles (CIPFA) – Achieving the intended outcomes while acting in the public interest at all times



As a local authority, the responsibility for good governance is shared by councillors and officers.

South Gloucestershire Council has 61 Councillors across 28 wards. The last elections were in May 2023. This resulted in a minority administration and there is a partnership arrangement in place with two political parties sharing leadership of the Council.

Decision-making at the Council

The Council as a whole sets the budget and policy framework. Cabinet (the Executive) led by the Leader of the Council, takes the key decisions. Cabinet members play a pivotal role in good governance in many ways. They evaluate budget options and recommend the overall budget to Council. They work with officers to mitigate pressures and respond on behalf of the Council to published reports and inspections. This contributes to supporting governance through clear strategic leadership and transparent and accountable decision making. Within the constitution, the schemes of delegation set out the responsibilities of members and chief officers. All formal decision-making meetings are held in public where the public can attend and many of the meetings are webcast live and available for re-watching.

The Council has a Scrutiny Commission (Overview and Scrutiny Committee) which provides the legal power for councillors to hold decision-makers to account for the decisions they make. The Scrutiny Commission is not decision making but acts as a check and balance to the Executive. There are also specific powers for scrutiny to hold the NHS or relevant health service provide to account for health.

The constitutional structure of the Council is provided on page 109.

Managing the Council’s finances

Strong financial management is critical to ensuring the financial sustainability of the Council and our framework reflects that. The Constitution contains the Council’s contracting rules and financial regulations which set out the rules and procedures for managing the Council’s finances.

The Council operates in a challenging financial environment and the council has a medium term financial strategy in place setting out future plans and priorities to ensure continued strong management. An assessment of the Council’s compliance with the CIPFA financial management code has been undertaken and actions arising from this review are being prioritised over 2026/27. The external auditor is legally required to satisfy themselves that the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They will report to the Council if any significant matters arise during their work. The External Auditor attends to present their reports at Audit and Accounts Committee.

Managing risks through internal control

The system of internal control is designed to manage risk to a reasonable level. It can not eliminate all risk. The system of internal control is based on an ongoing process to: identify and prioritise the risks to the Council of not meetings its policies, aims and objectives. The Head of Internal Audit and Risk undertakes the required annual self-assessment of conformance to the Global Internal Audit Standards, Local Government Audit Code and Public Sector application note. The service is externally quality assessed every five years with the next assessment due in late 2026.

The role of senior leadership and statutory officers

The Council’s Strategic Leadership Team comprises the Chief Executive, Executive Director for People, the Executive Director for Place, the Executive Director for Resources, the Director of Adult Social Services, Director of Strategy, Engagement and Change and Director of Public Health. The Council’s Monitoring Officer and Chief Financial Officer have a standing invite to attend any SLT meetings.

The Strategic Leadership Team implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgets.

There are regular meetings throughout the year of the Chief Executive (Head of Paid Service), Monitoring Officer and Chief Financial Officer. A review of their compliance with the SOLACE guide ‘The golden triangle – Governance Roles and Responsibilities’ has taken place.

There are regular Statutory Officer meetings comprised of:

- The Head of Paid Service/Chief Executive
- The Monitoring Officer
- Section 151, Chief Financial Officer
- Service Director – HR (with responsibility for the Council’s whistleblowing procedures)
- Corporate Health and Safety Manager
- Head of Internal Audit and Risk
- Director of Adult Social Services
- Executive Director for People serving as the Director of Children’s Services

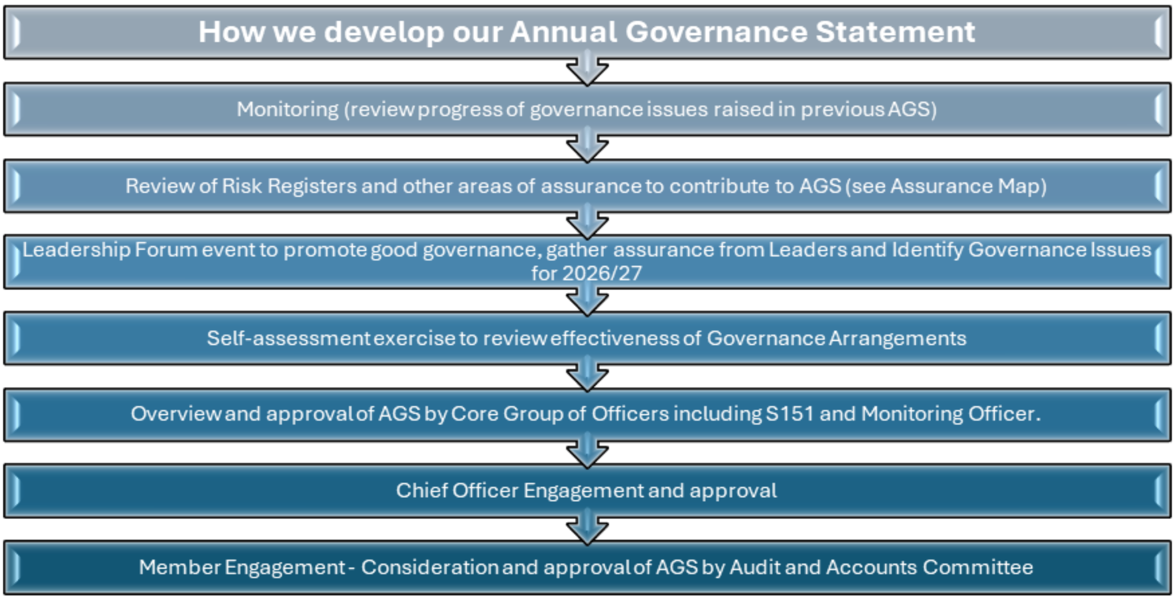
These arrangements underpin our work and ensure that we can deliver for our partners and residents. Here are some key highlights for the Council this year:

- ✓ Opened three new children’s homes to keep our young people in care close to their support networks
- ✓ Celebrated a year on the road for ‘Doris’ our mini youth club on wheels, taking support to hard to reach areas.
- ✓ The holiday activities and food programme provided lots of exciting activities and food for children on free school meals.
- ✓ We created a new food bank to support our care leavers.
- ✓ We encouraged our communities to support one another with our good neighbours campaign
- ✓ Continued to provide financial support to households across South Gloucestershire helping residents to stay cool in the summer and warm in the winter.
- ✓ We published a ground breaking report with our LGBTQ+ community
- ✓ We worked with the Centre for Deaf hosing a free pizza in the park event

- ✓ We supported our partners with infrastructure including the replacement of the bridge over the M4 on Badminton Road.
- ✓ We delivered projects of much need repairs to the A38 flyover and continue to expand our active travel network.
- ✓ We undertook annual work to clear up the ring road and moving to three weekly bin collections we will cut costs and encourage greater recycling rates, including the introduction of a new nappy collection service for our residents.
- ✓ We completed the upgrade of the Kings Chase shopping centre
- ✓ We started planting the largest ever woodland on council owned land, 30 hectares.
- ✓ We launched Greenprint to explore how grass clippings could be used to generate green energy.
- ✓ More than 40,000 people have downloaded the new council app and we have launched 'Your Voice' to create a new way to engage with residents and hear what they have to say.

45. How we prepare the annual governance statement

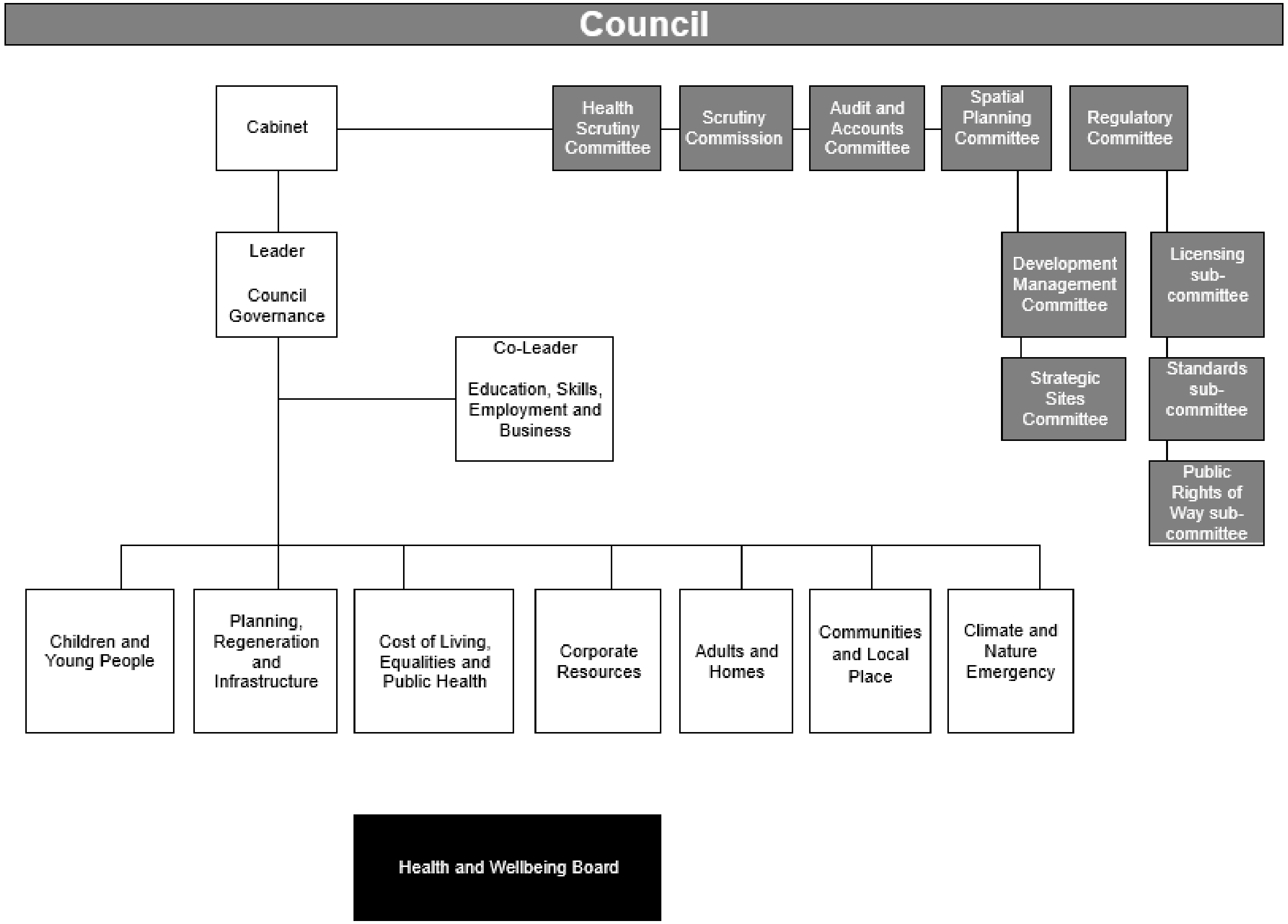
There is a comprehensive review and engagement process for developing the Annual Governance Statement. The diagram below outlines a summary of the process:



46. Framework for the Annual Governance Statement

The diagram "Framework for the Annual Governance Statement" (page 110) provides an indication of the sources of assurance that are mapped and contribute to this statement. This framework is not exhaustive but provides a good overview of some of the main sources used to assess the effectiveness of our arrangements.

The constitutional structure (May 2025/26)



Framework for the Annual Governance Statement

South Gloucestershire Council
Delivering for you

September

Audit and Accounts Committee
- Approval
- Certification by Chief Executive and Leader of the Council

May to July

Senior Managers Network
- Responsible for drafting AGS
- Evaluates the supporting evidence and assurances given

Corporate Governance Working Group
- Monitors risk management
- Approve framework for AGS
- Reviews draft AGS prior to Senior Managers Network

Internal Audit
- Co-ordination of draft AGS

February to April

Performance Management & Data Quality
Executive Director of Resources & Director of Strategy, Engagement & Change

- Service Planning and Performance Management Framework
- Internal & External Reviews
- National & Local KPIs
- Council Plan Progress Report
- Tackling Inequalities Plan Annual Report
- Information Governance

Internal Audit
Head of Internal Audit

- Head of Internal Audit's opinion as expressed in the Annual Assurance report
- Risk-based internal audit plan (flexible)
- Fundamental weakness reports
- Counter fraud reports & investigation
- Audit Charter
- Output of National Fraud Initiative
- Monitoring of recommendations implemented
- Audit & Accounts Committee monitoring of reports

External Auditor

- Annual Plan
- Annual Audit Letter
- Audit Opinion
- Ad-hoc projects
- Audit Findings report
- Financial Resilience report

Snr. Management Assurances
Chief Officers, Chief Financial Officer, Monitoring Officer, Service Director - ITD

- Chief Officers' and Service Director assurance statements
- Reports by Inspectors / Auditors
- Post-implementation reviews of projects
- Risk registers
- Internal / consultancy work studies
- Security and use of IT assets
- Budget monitors
- Complaints monitoring
- HR policies
- Letter of representation
- Related party transactions check

Risk Management
Service Director – Legal & Governance (Monitoring Officer) & Head of Internal Audit

- Risk Management strategy
- Regular review of arrangements by Audit & Accounts Committee
- Effectiveness reviewed by Internal Audit
- CGWG monitoring
- Review of risk registers by Committees and portfolio leads
- Risk assessments of all council decisions

Legal & Regulatory Assurances
Service Director – Legal & Governance (Monitoring Officer)

- Ombudsman reports
- Committee reports
- Review of Code of Corporate Governance
- Review of registers of interest
- Members Code of Conduct
- Whistleblowing monitoring

The above is not exhaustive but are the key areas that could provide assurance on the adequacy & effectiveness of controls ov er our key risks

47. Our assessment of effectiveness – an overview

Financial Position and Statement of Accounts

The current financial landscape for local authorities remains challenging. During 2025/26, we have continued to retain a prudent level of reserves and aiming to prioritise financial sustainability for the future.

The Government's fair funding review has had an impact, and while we are not as adversely affected as other councils, there will be a need to find further savings to meet the shortfall in the budget forecast for 2028/29. The annual audit report from the Council's external auditors recommended that the council have sufficient short term spending controls in place to mitigate a projected overspend for the year and protect reserves. In 2025/26, the Council has implemented a Transformation Programme and Strategy to ensure that all change projects are managed as one portfolio. This ensures that resources including enabling team capacity and funding are available to deliverable programmes. The resource planning process for 2027/28 commenced in April 2026 with a focus on immediate actions being taken to deliver within budget, strengthen and sustaining budgets in 2026/27 and developing new savings proposals required to close the £8.4m MTFP gap from 28/29.

It was noted that the Council has experienced some challenges with the implementation of a new finance and HR system. In the previous year this resulted in some difficulties in providing timely and accurate information for the external auditors. The council has worked through the lessons learned from undertaking year end procedures with a new system and there is a good degree of confidence that the same issues will not be encountered for the next year end.

Internal Audit - Annual Opinion

The council receives substantial assurance from the work of internal audit who, through an agreed audit plan, review the adequacy of controls and governance that operates throughout all areas of the council. The internal audit service has been independently assessed by CIPFA as fully conforming to quality standards. The council's internal audit service operates in compliance with the Global Internal Audit Standards and the relevant internal audit code and public sector application note. The internal audit team will have their next external review during 2026/27.

Whilst internal audit are unable to give absolute assurance, the results of the reviews completed during the year have resulted in a reasonable assurance opinion. This means that individual audit reviews are not significant when considered in aggregate to the system of internal control. 'Significant Improvements required' opinions are isolated to specific systems and processes. There were no fundamental weakness opinions given during 2025/26.

The internal audit plan was presented to committee in July and November 2025. The Head of Internal Audit considers that sufficient work was conducted in the areas of most strategic risk to mean that no limitation has been placed on the audit opinion.

The system of internal control is a significant contributor to the overall framework and is designed to manage risk to a reasonable level. It ensures that in conducting its business, the council:

- Operates in a lawful, open, inclusive, and honest manner.
- Makes sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud, properly accounted for and used economically, efficiently, and effectively.
- Has effective arrangements for the management of risk.
- Secures continuous improvement in the way that it operates.
- Enables human, financial, environmental, and other resources to be managed efficiently and effectively.
- Properly maintains records and information.
- Ensures its values and ethical standards are met.

External auditor's review of the effectiveness of governance arrangements

The external auditors Annual Audit Letter for 2025 confirmed that the financial statements gave a true and fair view of the council's financial position. The 2024/25 value for money assessment was concluded and was reported to Audit and Accounts Committee in November 2025 and finalised with the financial statements in January 2026.

The external auditors significantly reduced the number of recommendations when compared with the previous year. There was one key recommendation as follows: *'The Council need to ensure it continues to work with its partners to deliver the dedicated schools grant recovery plan in order to reduce its deficit position'*. There were five improvement recommendations as follows:

1. Ensuring that the council puts in place all necessary arrangements in response to the CQC inspection.
2. The council must deliver improvements based on recommendations provided following the ICO audit of the Vinney Green Secure Children's Home to strengthen data protection arrangements and all necessary arrangements are implemented to address the OFSTED inspection promptly.
3. Carry out a full lessons learned exercise upon completion of the financial statement audit and develop an action plan to ensure that appropriate reporting can be obtained from the finance system that is right first time.
4. Ensure that all planned procurement actions are implemented and a review is undertaken to ensure that the new arrangements are fully embedded as intended.
5. The council must ensure that sufficient short term spending controls are put in place to mitigate projected overspending and protect reserves. Savings proposals should be rigorously challenged for timing and value.

How we have improved our governance arrangements in 2025/26

The table below forms part of the review of effectiveness of governance arrangements. It examines the various governance areas that were raised in 2024/25 annual governance statement and provides an overview of what has been done to address these areas during 2025/26.

Progress during 2025/26

Procurement - Capacity and capability across the council. Deliver on improvement actions
Required action: Secure skills and staffing to manage through a period of change. Fulfilment of the actions set out in existing internal audit recommendations Undertake review to address remaining procurement issues. **What we did:** Appointed a new Procurement Manager permanently in post in September 2025 replacing interim resource. Implementation of the ERP System (D365) has addressed a long-standing challenge of oversight and maintenance of an accurate and up-to-date council wide Contracts Register. We have increased the number of contracts loaded and visible, creating a more detailed contract register which is published quarterly on the Council website. Actions taken to strengthen consistency, approval processes and governance of waivers across the council. Waiver activity has materially increased following the launch of D365 in April 2024. This demonstrates the value of the new ERP system in increasing compliance with the council's governance requirements and increasing procurement oversight. A Council-wide review of procurement has commenced, aligned to the LGA National Procurement Strategy (NPS) toolkit. Designed to respond to identified service weaknesses and drive improvements. Focus areas include strengthening collaboration, standardisation of good practice and enhanced transparency and accountability.

DSG deficit and the ending of the Statutory Override. The forecast deficit at the end of 2024/25 is £39.9M rising to a forecast of £56M for 2025/26.
Required action: Fulfilment of the actions set out in the DfE safety valve agreement and those of the revised reprofiled plan with a longer-term view of returning the DSG account into balance. Focussed work to plan for changes in legislation and/or cessation of the statutory override. **What we did:** Over 25/26 the Council continued to make good progress against the requirements of the Safety Valve Plan agreed with the DfE. This was confirmed by the DfE who continued making all the payments due (£25.2m in total). During 2025/26 the DfE also confirmed that the Safety Valve Programme would now cease with the Government's planned SEND Reforms taking over the objective of delivering a financially sustainable system for local authorities. As is the case with all the majority of LAs despite that good progress in cost reduction measures, continued surges in demand nationally alongside insufficient funding increases has continued to create a spending pressure and a growing SEND deficit.
Strategic Action Plan for SEND
Required action: The focus in 2025/26 will continue to be the 5 priorities of the Action Plan as all are still relevant and of highest priority and recognise that we need to accelerate progress in meeting the needs of children and young people with social emotional and mental health needs. Therefore, a new workstream to deliver improved arrangements for children and young people who are not attending school due to their level of need will be piloted with the aim of delivering a more targeted approach so that children and young people receive the right type of support and can return to school sooner, when appropriate. In relation to additional places the aim will be to deliver the planned new provision so that new resource bases and an extended New Horizons Learning Centre are available from September 2026. **What we did:** Across 2025/26 we have considered how we can deliver on the priorities of the Strategic Action Plan and respond to the recommendations of the inspection team following the Ofsted and CQC inspection of the local area arrangements for SEND. We have continued to focus on provision for social emotional health. For those children and young people who are too unwell to attend school because of poor mental health, the implementation of the new on-line offer has been extremely successful with excellent feedback from young people and their families and enabling young people to re-engage with learning. The intention is now to make this a permanent element of local arrangements, and this has been included in the 2026/27 Commissioning Intentions report to Executive Member for Children's Services. In response to the inspection, and across all phases and sectors (primary, secondary and Post 16, mainstream, Alternative Provision, and Specialist) we have been able to make good progress on specialist provision in mainstream schools with agreement to implement projects to create Resource Bases at Mangotsfield secondary school, Tyndale Primary school and Coniston primary school. Following an extensive search, a site has now been identified to support the expansion of New Horizons Special School with acquisition of the site moving forward, subject to necessary member agreement. A new additional element to the sufficiency strategy has been introduced, which is to create a new local Alternative Provision for Post 16 student. A provider has been selected with the intention of opening a provision in the Kingswood area from September 2026.

Care Quality Commission Inspection

Required action:

The Council will address the recommendations of the Care Quality Commission improvement plan.

What we did:

The ASC Improvement Plan sets out actions being taken in response to the CQC Assessment published in May 2025 and based on findings from April – October 2024.

The Improvement Plan is monitored internally through an Executive Assurance Board, membership includes the Chief Executive and the Cabinet Member for Adults and Housing.

Additional funding was identified as necessary to deliver some improvements and agreed through the 26/27 budget setting process.

Reports on progress against the plan have been taken to Scrutiny Committee at six monthly intervals, and this continues.

External Reports are submitted quarterly to the Department for Health and Social Care, via the Local Government Association. No concerns on progress have been made.

The Care Quality Commission published a revised assessment framework in April 2026. Our plans for reassessment under the revised framework will be taken to the Executive Assurance Board. Reassessment must be complete by May 2028.

Implementation of a new Finance and HR System

Required action:
Implement HR and Payroll system.
Roll out of Solver budget monitoring tool, improving the visibility and ownership of budgets by budget holders.
Successful delivery of year-end procedures and production of financial statements.

What we did:

We implemented the new HR system on 1 June 2025 and integrated this with the payroll system. All pay and procedures are operating successfully on the new system.

The Solver project has coproduced a Budget Holder and Finance Business Partner Charter to sit alongside the new budget monitoring tools for the organisation. Support levels have been assessed on a risk and complexity matrix to balance the support requirements appropriately across the organisation.

Reporting tools required from D365 have been reviewed across finance and procurement and reports needed to deliver year end processes and audit procedures prioritised. These are in place in advance of year end to facilitate the 2025/26 year end procedures.

Waste
Required action: To monitor and take any necessary actions to ensure a successful transition from the 25-year Waste PFI to new Waste arrangements, to ensure the achievement of improved value for money and efficiency. **What we did:** Tendered, awarded and implemented a new waste collection contract which produced savings and efficiencies and allowed for future changes to increase these further. Successfully transferred the operations and control of all waste sites into South Glos Council control. Tendered awarded and implemented multiple contracts to treat South Glos wastes which produced savings for the Council.
Partnership Working with WECA
Required action: Work with WECA to ensure agreement and sign off of the Local Growth Plan. **What we did:** The Local Growth Plan for the West of England was developed collaboratively by the MCA and the constituent councils and was launched as the 'West of England Growth Strategy' in September 2025 and subsequently ratified by WECA Committee on 17 October 2025: West of England Growth Strategy Government Guidance states that Local Growth Plans should be "the guiding star" that provides strategic direction for other relevant plans and strategies and the wider work of Mayoral Strategic Authorities, their constituent Local Authorities, and local partners. The West of England Regional Growth Strategy will therefore be a key document in shaping the direction of South Gloucestershire Council's own plans, strategies and relevant activities going forwards

Governance Area Assessed for Effectiveness	Brief Description	Red/Amber/Green Rating
Financial Position and Statement of Accounts	Amber due to requirement for a lessons learned activity and need to improve arrangements for external audit. Improvements have been made in year and will be evidenced through the 2025/26 external audit process.	
Internal Audit – Annual Opinion	No issues to escalate, reasonable assurance obtained.	
External Assessment – Care Quality Commission	Progress against the Care Quality Commission recommendations is noted but still more work needed in this area.	
External Assessment – SEND/OFSTED	Red due to External Audit raising a Key recommendation for the Dedicated Schools Grant deficit. Internal Audit have undertaken work to review performance reporting on the dedicated schools grant. Work is underway to develop a SEND reform plan at pace.	
Other External Assessments	An external assessment of Building Control produced good results for the team. There was some noted improvement in the recommendations associated with the ICO inspection of Vinney Green Secure Children's Home.	
Annual reports and Assurances from Members	An annual report of the Audit and Accounts Committee and of the Scrutiny Commission was presented to Full council for their consideration.	
Assurances from Statutory Officers	An assessment of the Society of Local Authority Chief Executives (SOLACE) best practice guidance for statutory officers has been undertaken and the output was positive.	
External Audit Assessments	While the overall number of recommendations from External Audit significantly reduced there is one key recommendation and five improvement recommendations that need to be progressed during 2026/27. This includes improving financial reporting and procurement arrangements.	
Delivering Good Governance Principles		
A – Behaving with Integrity, demonstrating commitment to ethical values and respecting the rule of law	The core group of statutory officers concluded that overall arrangements for ensuring that the constitution is upheld and decision making is both lawful and strictly adhered to.	
B – Ensuring openness and comprehensive stakeholder engagement	The council has launched a new app and introduced "Your Voice" public meetings to encourage greater engagement and participation.	
C – Defining outcomes in terms of sustainable, economic, social and environmental benefits	While the council has actively worked to tackle inequalities and address climate issues, it is acknowledged there is still much to do to meet the objectives that have been set as a priority.	
D – Determining interventions necessary to optimise achievement of the intended outcomes	A new balanced score card and performance framework has been developed and is being rolled out. It is noted that good progress has been	

Governance Area Assessed for Effectiveness	Brief Description	Red/Amber/Green Rating
	made but there is still more to do in this space. There is further work needed to improve the councils business continuity arrangements.	
E – Developing the council's capacity, including the capability of its leadership and individuals within it.	The council has a robust offering for leaders and managers to support them in their development journey. The council has recently introduced a managers expectations document.	
F—Managing risks and performance through robust internal control and strong public financial management	The council has refreshed the risk management strategy and developed a risk appetite with Cabinet. Internal audit concluded that the framework of internal control was effective.	
G – Implementing good practice in transparency reporting and audit to deliver effective accountability	Whilst there is transparency in the way our constitutional structures operate, it is noted that the Council is not fully compliant with the transparency code and work has commenced to address this.	

48. Where our governance needs to improve

The following table sets out those governance areas identified as requiring improvement and a proposal of how these matters will be addressed. The review of effectiveness of governance did not identify any significant gaps in governance arrangements, however, it did note some core arrangements that are not operating as effectively as they could be. These core areas are included in the table below.

There have been no significant governance failures occurring during the year. Good progress has been achieved on the governance areas that were examined in 2024/25.

Governance Action Plan 2026-27

Issue	What issue is to be addressed during 2026/27?	Required action	Service area responsible
1.	Financial Management, HR and Procurement.	Implementation of tools and processes to strengthen financial reporting and budget monitoring with budget holders will be completed in July 2026. Embed the council's Fit for the Future project, including our new Enterprise Resource Planning, Microsoft D365 platform. Building on further work to strengthen procurement arrangements, with an external partner during the first half of 2026.	Chief Financial Officer
2.	DSG deficit-work to reduce the deficit.	A key recommendation has been raised by the External Auditors. We are progressing the SEND reform plan which is key to unlocking the DfE stabilisation grant (Value £51M) Continue our transformation work to bring better value for money into the area of SEND expenditure. Be able to evidence focussed work to reduce the gap.	Executive Director for People
3.	Care Quality Commission Inspection - recommendations	Continue to work to implement all recommendations raised by the Care Quality Commission. The Adult Social Care Executive Assurance Board monitors the improvement plan which aims to address the recommendations that arose from the Care Quality Commission.	Director of Adult Social Services
4.	Tackling Inequalities	Continue to implement the agreed actions in the four-year Tackling inequalities plan.	Chief Executive

Issue	What issue is to be addressed during 2026/27?	Required action	Service area responsible
5.	Business Continuity Arrangements	We will review and redesign our organisational wide business continuity approach and implement any updates.	Executive Director – Resources and Director of Public Health
6.	Transparency Code	Strengthen arrangements for mandatory transparency reporting	Executive Director for Resources and Director for Strategy, Engagement and Change

49. Forward look on governance

Over the coming year, our governance arrangements will need to remain responsive to a changing local, regional and national context. We will continue to keep the effectiveness of our decision-making arrangements under review to ensure they remain fit for purpose, transparent and supportive of delivery.

In May 2027 the Council will hold all-out elections. This will be a significant point in the Council's democratic cycle and may result in changes to political administration, leadership arrangements and priorities. We will ensure that governance processes, member development and officer support arrangements are in place to maintain continuity of decision-making and effective oversight during and after the elections.

We are undertaking a review of the Constitution, alongside a wider consideration of the role and effectiveness of boards, to strengthen the quality and timeliness of decision making. This work will focus on ensuring that roles, responsibilities and delegations are clear; that decision routes support pace as well as appropriate scrutiny; and that governance arrangements remain aligned to the Council's operating model and strategic priorities.

Regionally, the devolution landscape continues to evolve. As a constituent member of the West of England Combined Authority, we will need to remain engaged with developments that may affect governance arrangements, including the potential for changes to membership, functions, decision-making processes and funding mechanisms. We will continue to work constructively with regional partners to ensure clarity of roles, robust governance and effective joint delivery of shared priorities.

Finally, there is a high volume of national policy change and emerging proposals across local government, the SEND system and the health and care system. These changes are likely to have implications for the Council's responsibilities, resources and partnership arrangements, including in children's services, adult social care and public health. We will monitor legislative and policy developments closely, assess governance implications (including risk, assurance and accountability), and ensure that our decision-making arrangements remain robust as new duties and expectations emerge.

Glossary

ACCOUNTING PERIOD - The period covered by the accounts. For the Council this lasts 12 months from 1st April to 31st March of the following calendar year.

ACCRUALS - Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

ACTUARIAL GAINS AND LOSSES - These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains or losses) or the actuarial assumptions have been changed.

ASSET - Assets are classified as either Current or Non-Current. A current asset benefits the council for up to one year (e.g. stock, debtors) whereas a non-current asset benefits the council for more than one year (e.g. property, plant or vehicles).

AUDIT OF THE ACCOUNTS - The annual examination of the council's accounts by an independent external auditor who will issue a formal opinion on them at the end of the audit.

BALANCES (OR RESERVES) - These represent accumulated funds available to the council. Some balances may be earmarked for specific purposes for funding future defined initiative or meeting identified risks or liabilities. There are a number of unusable reserves that are set out for technical purposes. It is not possible to utilise these to provide services.

BUSINESS RATES (NATIONAL NON-DOMESTIC RATE (NNDR) - A levy on businesses, based on a national rate in the pound (set by the Government) multiplied by the rateable value of their premises. Since the council joined the West of England Business Rates Retention Pilot, the NNDR income collected by the council is shared 5% with the West of England Combined Authority (WECA) and 1% with the Fire authority, with 94% retained by the council. WECA and the Fire authority also share deficit on the NNDR collection fund, the appeals provision and other NNDR related balances.

BORROWING - The council is able to borrow in order to fund capital expenditure from either Government (PWLB) or banking sector sources.

CAPITAL EXPENDITURE - Expenditure incurred by the council on the acquisition or enhancement of a fixed asset or on the provision of certain capital grants to 3rd parties.

CAPITAL FINANCING - The setting aside of the council's financial resources to fund capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, Government's capital grants and by contributions from internal sources, such as capital receipts and reserves.

CAPITAL RECEIPTS - The proceeds from the disposal of a fixed asset. Capital receipts can only be used in ways specified by the Government. However, individual proceeds of less than £10,000 are treated as revenue income.

CRSTS - City Regional Sustainable Transport Settlement

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 e.g. parks, playing fields and open spaces.

CONTINGENT LIABILITY - A possible financial obligation on the council, arising from past events, which will only crystallise if certain events take place in the future.

CURRENT SERVICE COSTS OF PENSIONS - The increase in the "present value" of a pension scheme's liabilities arising from employee service in the current period.

CREDITOR - Amounts owed by the council for goods and services received in the accounting period for which payment has not yet been made.

CURTAILMENT - An event that reduces:

- the expected years of future service of present employees, or
- the accrual of defined benefits for a number of employees for all or some of their future service.

DEBTOR - Amounts due to the council for goods and services rendered in the accounting period for which payment has not yet been received.

DEPRECIATION - The cost of using a fixed asset to provide services in the accounting period.

EDF – Economic Development Fund

EMOLUMENTS - Salaries and expenses allowances paid to employees, together with the money value of benefits received other than cash. Employer's and employees' pension contributions are excluded.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS - The average rate of return expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

FINANCE LEASE - A lease under which the lessee (i.e. the person or the organisation taking on the lease) acquires the risks and rewards of ownership of a fixed asset for the period of the lease. Finance leases, PFI schemes and service concessions taken up by local authorities are treated by the Government as credit arrangements and are subject to the same controls as borrowing.

FINANCIAL INSTRUMENT – A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments. A financial liability is an obligation to transfer economic benefits controlled by the council and can be represented for example by a contractual obligation for the council to deliver cash or financial assets. A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets.

GENERAL FUND - The account to which the cost of providing council services is charged that are paid for from Council Tax and Government grants.

HERITAGE ASSETS - Heritage assets are those that are intended to be held in trust because of their cultural, environmental or historical associations. They are held by the authority in pursuit of its overall objectives in relation to the maintenance of local and national heritage.

IMPAIRMENT - A reduction in the carrying value of a fixed asset caused by market fluctuations, physical damage, obsolescence or adverse legislative change.

INFRASTRUCTURE ASSETS - A class of assets whose life is of indefinite length and which are not usually capable of being sold such as highways, sewage works and sea defences. The valuation of infrastructure assets is based on historical cost.

INTEREST COST (PENSIONS) - The expected increase in the "present value" of the pension scheme's liabilities due to the fact that benefits are one year closer to settlement.

LIABILITY - A liability represents money owed by the council to other organisations or persons. Current liabilities are amounts which become payable within the next accounting period (such as creditors or bank overdrafts). Non-current liabilities are amounts which will become payable beyond the next accounting period (such as long-term borrowing).

MINIMUM REVENUE PROVISION - The minimum amount that must be charged to the council's revenue accounts every year as a provision for the repayment of debt.

NON-OPERATIONAL ASSETS - Fixed assets held by the council, which are not used in the delivery of services (e.g. investment properties).

OPERATING LEASE - A type of lease under which the ownership of the asset remains with the lessor. This type of lease does not create a capital asset on the council's balance sheet.

OPERATIONAL ASSETS - Fixed assets held by the council and employed in the delivery of services.

PAST SERVICE COSTS - The increase in the "present value" of the pension scheme's liabilities related to employee service in prior years and arising in the current year because of the introduction of, or an improvement to, retirement benefits

PRESENT VALUE - The discounted value of a payment or stream of payments to be received in the future, taking into consideration a specified interest or discount rate.

PRIVATE FINANCE INITIATIVE (PFI) - A central government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The net book value of PFI assets is included in the council's Balance Sheet, and the council receives PFI grant to support the costs of the scheme.

PROPERTY, PLANT AND EQUIPMENT - Assets that have physical substance and are held for use in the provision of services or for administrative purposes and are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

PROVISIONS - A liability that is of uncertain timing or amount which is to be settled by the transfer of economic benefits.

PUBLIC WORKS LOAN BOARD (PWLB) - A Government agency, which provides long and medium term loans to local authorities at favourable rates slightly higher than those paid by the Government on its own borrowing.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS) - Government regulations allow some expenditure to be funded from capital sources, although it does not result in a fixed asset on the council's own Balance Sheet. Examples include schemes funded by Disabled Facilities Grant, which result in capital investment in properties where the council is not the owner.

RESIDUAL VALUE OF AN ASSET - The net realisable value of an asset at the end of its useful life.

RELATED PARTIES - Two or more parties where one party has direct or indirect control or influence over the others, or where all parties are subject to common control from the same source. Examples of related parties to the council are Central Government, other councils, the Members, the Chief Officers and the Pension Fund. In the case of individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family or the same household.
- Partnerships, companies or trusts in which the individual (or member of the close family/ household) has a controlling interest.

RELATED PARTIES TRANSACTIONS - The transfer of assets and liabilities or the provision of services by, to bewttor for a related party, whether or not a charge is made. Material transactions between the council and its related parties have to be disclosed in the Statement of Accounts. In this case, materiality is judged by the significance to the related party as well as to the council.

REVENUE RESERVES - An amount set aside for a specific purpose in one year and carried forward to meet future obligations. These include earmarked reserves set aside to cover specific eventualities and general reserves or balances, maintained by the council as a matter of prudence.

REVENUE SUPPORT GRANT (RSG) - A grant paid by the Government to aid the delivery of council services in general, as opposed to a grant used only for a specific purpose.

Main sources: Code of Practice on Local Authority Accounting in the UK and Councillor's Guide to Local Government Finance by the Chartered Institute of Public Finance and Accountancy