South Gloucestershire Council

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South Gloucestershire Council

Final Annual Financial Report

2024/25

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Independent auditor's report to the members of South Gloucestershire Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of South Gloucestershire Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and the Collection Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability

to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Financial Report other than the statement of accounts and our auditor's report thereon. The Chief Financial Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Chief Financial Officer

As explained more fully in the Statement of Responsibilities the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, the Local Government Act 1972 and Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

- We enquired of management and the audit and accounts committee, concerning the Authority's policies and procedures relating to:

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

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

- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entry controls, journal entries posted and management bias in determining significant accounting estimates and judgements.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;

- evaluation of the design and implementation of management controls over journals;

- journal entry testing, with a focus on material journals posted close to the year end, journals posted by senior users or with administration access and journals which have a favourable effect on the year-end financial position;

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of other land and building, valuation of investment property and valuation of the defined benefit pension liability.

- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

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

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

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

  - knowledge of the local government sector

  - understanding of the legal and regulatory requirements specific to the Authority including:

    - the provisions of the applicable legislation

    - guidance issued by CIPFA/LASAAC and SOLACE

    - the applicable statutory provisions.

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

  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have identified a significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness. The significant weakness is in respect of financial sustainability relating to its Dedicated Schools Grant (DSG) deficit. The Council needs to ensure it continues to work with its partners to deliver the DSG recovery plan in order to reduce its deficit position.

Responsibilities of the Authority

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

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

We cannot formally conclude the audit and issue an audit certificate for South Gloucestershire Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

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

Helen Lillington

Helen Lillington, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

18 February 2026

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 2024/25 give a true and fair view of the financial position of South Gloucestershire Council as at 31 March 2025 and its income and expenditure for the financial year ended 31 March 2025.

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

Date: 16th February 2026

Approval of the Statement of Accounts

I certify that the Statement of Accounts for the year ended 31 March 2025 was approved by the Audit and Accounts Committee at its meeting on 27th January 2026.

……

Chair of the Audit and Accounts Committee

Date 16th February 2026

2024/25

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 2024/25.

1. INTRODUCTION

South Gloucestershire Council was created in 1996 from areas in the north and east of Bristol, stretching from the River Severn estuary to the Cotswolds.

The population of South Gloucestershire using the latest ONS data from June 2023 is 299,439 and is projected to rise to over 350,000 in 20 years time. The largest increases are projected in the older age groups, resulting in a flatter age structure by the end of the projection period with a 44% increase in residents aged 65 or over.

The council's responsibilities are wide-ranging and include services it is legally required to provide (e.g. education, adult social care and waste collection) as well as more discretionary services such as regeneration activities, leisure, and sports facilities.

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. Respond to the climate and nature emergency
2. Help reduce inequalities
3. Support children and young people to thrive
4. Support wellbeing and independence in our communities
5. 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. This work is advancing toward its Regulation 19 assessment by the Planning Inspectorate, laying the groundwork for long-term environmental resilience.
- By planting more trees on council-owned land and working with 13 Town and Parish Councils and community groups, we've planted 10,000 bulbs across our communities. These early-flowering, nectar-rich plants support pollinators and enhance local biodiversity, bringing beauty and ecological value to shared spaces.

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.

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.

- Construction is on track for the new Lyde Green Primary and Secondary Schools, ensuring high-quality education in a growing community. Our new Schools Capital Programme also outlines how Charfield and Ladden Garden primary schools will meet the rising demand for school places in areas experiencing demographic change, so every child has access to a local school.
- To provide more stable, local care for children, we've now purchased three properties needed for new residential homes in South Gloucestershire. Planning permission has been granted, and Registered Managers are in place. These homes are set to open by summer 2025, offering children from South Gloucestershire in care a safe, supportive environment close to their communities.

We will support wellbeing and independence in our communities

We are making real progress in helping people across South Gloucestershire live well and maintain their independence, with targeted support that's making a measurable difference.

- The number of people waiting for a Carers Assessment has dropped by 65% between Quarter 2 and Quarter 4, meaning more carers are getting the help they need, faster. This is a vital step in recognising and supporting those who care for others.
- We've significantly increased the availability of reablement support, by up to 950 additional hours each week. This short-term, intensive support helps people regain skills and confidence after illness or injury. 67% of people who receive this support no longer need ongoing home-care, or need less of it. That means more people are able to live independently and with dignity in their own homes.

We will build better places

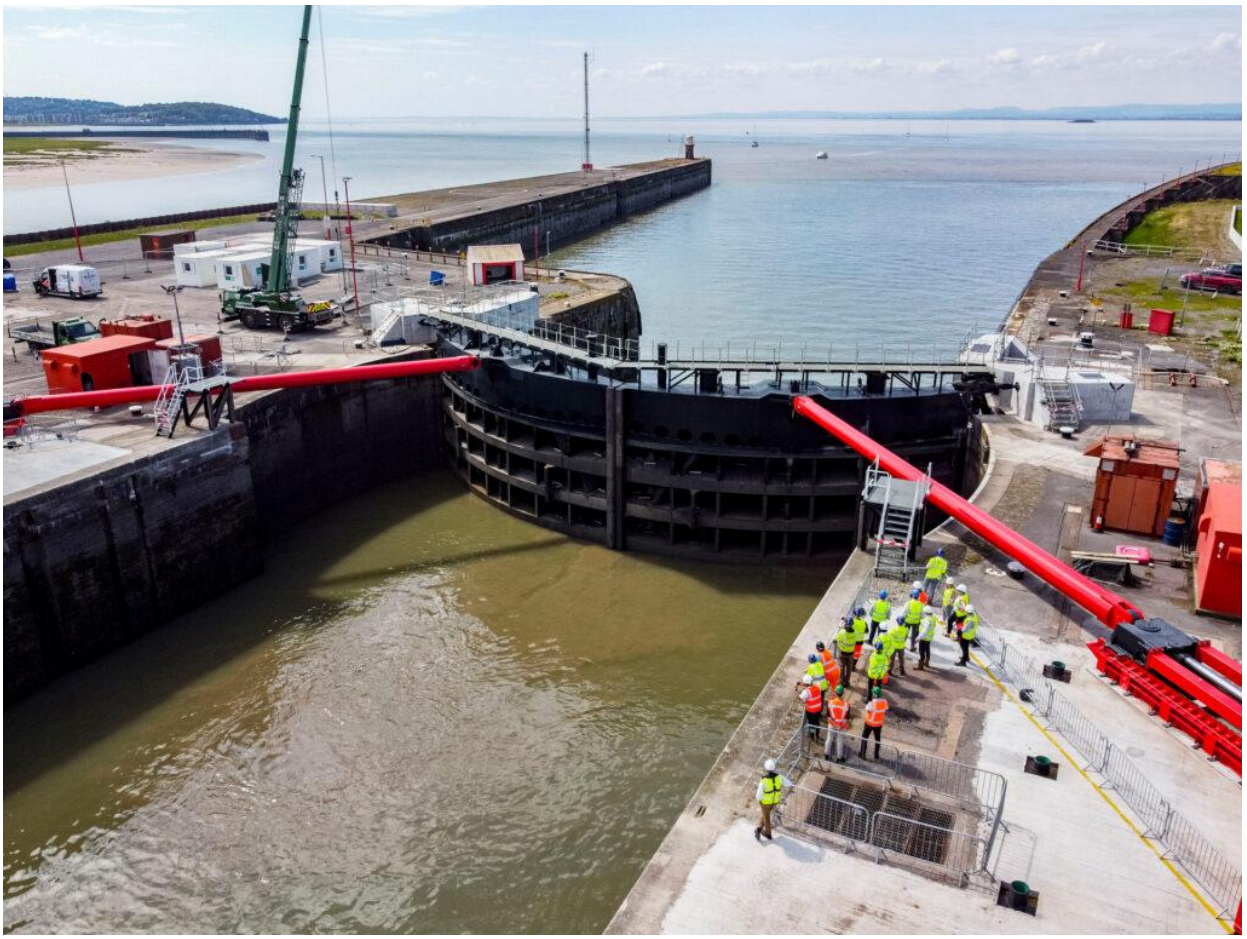
We're investing in major improvements to South Gloucestershire's highways and active travel infrastructure, laying the foundation for a more connected, accessible, and sustainable district. We're taking important steps to ensure that housing in South Gloucestershire meets the needs of our communities, 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
- Our new draft Local Plan has been submitted to the Government's Planning Inspectorate, following a final round of public consultation. This marks a 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.

- Alongside planning for new homes, we're working with Housing Associations to improve the quality and energy efficiency of existing housing. For example, Bromford has made significant progress in upgrading the Energy Performance Certificate (EPC) ratings of its homes in South Gloucestershire. In April 2024, 70% of their homes had achieved an EPC 'C' rating—rising to 76% by March 2025, exceeding their target for the year. These improvements help reduce carbon emissions and lower energy bills.

During 2024/25 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 Mitigiation and Flood Defence Project
- Successful implementation of the second stage Enterprise Resource Planning software



3. FINANCIAL PERFORMANCE

Revenue

Total gross expenditure on council services as reported in the outturn position to Cabinet in July 2025 was £790m in 2024/25 (£741m in 2023/24). The net cost of services was £1m underspent compared to budget as shown below:

2024/25 Net Expenditure	Agreed budget £m	Year-end outturn £m	Variance Over/(-) under £m
People	207	210	3
Place	47	49	2
Resources and Business Change	52	46	(6)
TOTAL NET SPENDING	**306**	**305**	**(1)**

During 2024/25 the council experienced in-year pressures from increasing demand for housing support, the 2024/25 Local Government Pay Offer and continued inflationary and demand pressure. Prudent planning and contingency were set aside in recognition of these risks early on within corporate budgets. These contingencies together with additional income resulting from the City Region Deal resulted in a favourable underspend in year of £1m.

Capital

Capital investment in 2024/25 totalled £106.9m against an approved budget of £138.7m , excluding the property investment budget of £30.9m. 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:

- £17.8m on construction of the new Lyde Green Primary and Secondary Schools
- £13.5m on Phase 2 of the Avonmouth Severnside Enterprise Area (ASEA) Ecology Mitigation and Flood Defence Project.
- £9.5m investment in highways maintenance & improvements
- £6.9m on City Region Sustainable Transport Settlement (CRSTS) schemes on the A38 and the A432
- £6.5m on Abbeywood School permanent expansion
- £4.9m on Charfield Station
- £4.1m on the Integrated Finance and HR (ERP) System
- £3.8m on Metro West Phase 2
- £3.1m on the Brabazon Arena Infrastructure Project
- £2.4m on ICT infrastructure

Capital investment was primarily funded from government grants totalling £54m, CIL and S106 reserves of £14.2m and unsupported borrowing totalling £27.8m, with capital receipts of £10m, and revenue contributions of £0.9m.

Construction progress on Lyde Green Secondary school

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

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Area of expenditure:				
Department for People	49,544	24,546	3,103	2,103
Department for Place	83,574	29,596	28,542	15,738
Department for Resources and Business Change	18,843	7,251	1,100	2,250
CRSTS Funded Schemes	30,234	11,171	0	0
EDF Funded Schemes	261	2,729	0	0
TOTAL	**182,456**	**75,293**	**32,745**	**20,091**
Expected funding:				
Capital grants and contributions	152,232	61,435	22,435	17,605
Prudential borrowing	8,931	5,237	7,210	2,250
Other funding	21,293	8,621	3,100	236
TOTAL	**182,456**	**75,293**	**32,745**	**20,091**

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 2025 were £16m, an increase of £9m compared to 31 March 2024.

Balance Sheet Position

The council continues to maintain a strong balance sheet position:

	at 31 March 2025 £m	at 31 March 2024 £m
Non-current assets – principally land, buildings and equipment used to deliver council services	997	1,031
Long-term investments & long-term debtors	32	39
Net current assets / (liabilities) – (excluding borrowing and provisions included below)	13	(23)
Pension liabilities	(26)	(82)
Provisions	(13)	(9)
External borrowing	(153)	(112)
Other long-term liabilities	(52)	(44)
NET ASSETS	**798**	**800**
Represented by:		
Usable reserves	(224)	(223)
Unusable reserves	(574)	(577)
TOTAL	**(798)**	**(800)**

- Long-term borrowing mostly comprises PWLB loans taken out over 25 to 50 years at preferential rates on an interest only basis with the option of 100% rollover on maturity. No new long-term borrowing was taken out during 2024/25.
- The council's liability for future staff pensions has reduced to £26m and whilst significant only remains in deficit due to a techncial accounting adjustment. This adjustment is a requirement of the international accounting standards (IAS19).
- Other long-term liabilities largely relate to the council's share of debts owed by Avon County Council prior to reorganisation.
- Provisions are set aside for business rating appeals (£9.3m), for future costs associated with the closed landfill site at Harnhill (£1.0m) and for insurance (£2.4m).
- 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.
- The reduction in non-current assets includes £50m for the transfer of assets to schools that converted to Academy status in 2024/25.
- Usable reserves include £3m 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 10th February 2024 set out the council's Savings Programme which included the proposals from the Resource Allocation process. Savings, including service level changes totalling £8m were agreed for 2024/25. There were a further £6m savings brought forward from previous years where permanent solutions continued to be developed. At outturn, £14m had been achieved permanently or temporarily.

Consultation with residents and businesses is a key part of the financial planning process. Feedback was collected both online and through a paper copy survey and was widely promoted through social media, council newsletters and a mailout to 5,000 households across all wards of South Gloucestershire. There were also hosted in-person events where council officers and councillors were on hand to answer questions and direct people to the survey. Feedback from November 2024 to January 2025 for the 2025/26 Budget themes is summarised below:

- Strong support for a new procurement and savings target
- Strong support for a property review
- Good support for further expansion of the council's programme to provide dedicated housing facilities to reduce need for residential placements.
- Residents supported an Investment in improving online reporting options but don't forget about those who could be digitally excluded
- Residents generally supported investment in Mockingbird and reablement initiatives.
- Strong support for the council's current approach to outsourcing
- Council Tax - The lowest increase (4.99%) was more popular/less unpopular with local people.
- There were mixed opinions on increasing charges for green bins
- Perception of the value for money of services has declined, but otherwise the council has managed reduced funding fairly well
- Feedback on the cost of services stands out. Almost two thirds of survey respondents believed that the cost of services had got worse, (between a third and 40% of respondents felt other aspects of service delivery had deteriorated over this same period). This is likely a reflection of recent increases to Council Tax

Full Council took the decision to increase Council Tax by 4.99% in 2025/26, inclusive of a 2% ring fenced precept for adult social care.

5. 2024/25 OUTTURN

The revenue outturn is reporting an underspend position of £1m for 2024/25 against a challenging 2024/25 budget. The budget included significant savings, and the in-year savings were achieved either permanently or temporarily, whilst permanent solutions progressed. 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, the 2024/25 local government pay offer, and continued inflationary pressures. Similarly to 2023/24, the council acted as financial pressures were identified with continued spending controls, prudent planning, and contingency funding set aside in recognition of the risks.

6. LOOKING AHEAD

From 2026/27, the UK government will implement major funding reforms aimed at creating a fairer and more sustainable system for local authorities. Key changes include:

- Business Rates Reform: A reset of the business rates retention system will redistribute funding to better reflect local needs, targeting inequalities and deprivation. A new multiplier structure will be introduced, with lower rates for smaller retail, hospitality, and leisure properties, and higher rates for large commercial premises.

- End of Competitive Bidding: The current system of competitive bidding for small funding pots will be replaced with predictable, multi-year settlements, giving councils greater financial certainty and reducing administrative burden.

- Statutory Override Extension: The Dedicated Schools Grant (DSG) statutory override will be extended to 2027/28, allowing councils to exclude Special Educational Needs and Disabilities (SEND) deficits from their core budgets while long-term reforms are developed.

- Digital Transformation Funding: Additional investment will support digital transformation and efficiency, including new funding models that prioritise agile, outcome-driven approaches to public service delivery.

Prior to these announcements the council set a balanced budget for the 2-year period 2025/26 to 2026/27 after contributions to the Financial Risk Reserve of £2m in 2025/26 and a transfer from the Financial Risk Reserve of £15m in 2026/27, whilst the savings programme is being delivered, leaving a shortfall to address in 2027/28 of £13m and £12m in 2028/29.

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.
- Rises in inflation impacting on the council's finances as well as residents and businesses.
- The 2024/25 Local Government Pay award exceeding base budget assumptions.
- Sufficiency of capital receipts to fund capital expenditure and future commitments.
- Rising construction costs.
- Future income growth projections missed, causing shortage of funding for capital programmes through the City Region Deal
- Continuation of grant funding to fund core services.
- Ongoing shortfall between cost of providing new school places and the funding available.
- Response to a Cyber Incident

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.

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 2024/25

The Statement of Accounts which follow set out the council's income and expenditure for the year, and its financial position at 31st March 2025. 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
16th February 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.

2023/24				2024/25			
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**		**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**	**Note**
480,265	(264,509)	215,756	People.	508,183	(291,304)	216,879	
153,312	(49,688)	103,624	Place.	137,340	(29,138)	108,202	
114,544	(71,321)	43,223	Resources & Business Change.	144,437	(88,748)	55,689	
748,121	**(385,518)**	**362,603**	**Cost of Services**	**789,960**	**(409,190)**	**380,770**	
9,158	0	**9,158**	Parish Precepts.	10,824	0	**10,824**	
5,643	(38)	**5,605**	Levies.	5,260	0	**5,260**	
84,192	0	**84,192**	(Gains)/losses on disposal of non-current assets.	48,694	0	**48,694**	
98,993	**(38)**	**98,955**	**Other operating expenditure**	**64,778**	**0**	**64,778**	
6,431	0	**6,431**	Interest payable and similar charges.	11,900	0	**11,900**	13
4,998	0	**4,998**	Net interest on the net defined benefit liability/(asset).	3,495	0	**3,495**	35
0	(1,891)	**(1,891)**	Interest receivable and similar income.	0	(4,393)	**(4,393)**	
8,993	(4,710)	**4,283**	Income and expenditure in relation to investment properties and changes in their fair value.	6,873	(9,234)	**(2,361)**	12
(157)	0	**(157)**	Changes in the fair value of financial instruments.	0	(405)	**(405)**	
20,265	**(6,601)**	**13,664**	**Financing and investment income and expenditure**	**22,268**	**(14,032)**	**8,236**	
		(185,009)	Council Tax income.			**(197,810)**	
		(64,920)	Non-domestic rates income and expenditure.			**(68,902)**	
		(47,470)	Non-ringfenced Government grants.			**(33,260)**	28
		(42,625)	Capital grants and contributions.			**(75,591)**	8
		(340,024)	**Taxation and non-specific grant income**			**(375,563)**	
		135,198	**(Surplus)/Deficit on Provision of Services**			**78,221**	
		(15,911)	(Surplus) / Deficit on revaluation of property, plant, and equipment.			**(22,787)**	11
		3,365	Impairment losses on non-current assets charged to the Revaluation Reserve.			**2,906**	11
		(45,004)	Re-measurement of the net defined benefit liability.			**(56,591)**	19
		(57,550)	**Other Comprehensive Income and Expenditure**			**(76,472)**	
		77,648	**Total Comprehensive Income and Expenditure**			**1,749**	

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.

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)

2023/24	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 2023	(8,710)	(152,616)	(161,326)	(11,795)	(62,806)	(235,927)	(641,943)	(877,870)
Movement in reserves in 2023/24								
Total comprehensive income and expenditure	135,198	0	135,198	0	0	135,198	(57,550)	77,648
Adjustments between accounting basis and funding basis under regulations (Note 9)	(130,265)	0	(130,265)	6,054	1,711	(122,500)	122,500	0
Net (increase)/decrease before transfers to Earmarked Reserves	4,933	0	4,933	6,054	1,711	12,698	64,950	77,648
Transfers to/from Earmarked Reserves (Note 10)	(15,236)	15,236	0	0	0	0	0	0
(Increase)/Decrease in the year	(10,303)	15,236	4,933	6,054	1,711	12,698	64,950	77,648
Balance at 31 March 2024	(19,013)	(137,380)	(156,393)	(5,741)	(61,095)	(223,229)	(576,993)	(800,222)

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 2024 £'000		31 March 2025 £'000	Note
299,153	Infrastructure Assets	298,568	11
661,667	Property, Plant and Equipment	622,968	11
2,746	Heritage Assets	2,746	
58,635	Investment Property	60,682	12
8,134	Intangible Assets	12,121	
27,604	Long-term Investments	23,289	13
11,392	Long-term Debtors	8,528	16
1,069,331	**Long Term Assets**	**1,028,902**	
35,658	Short-term Investments	5,006	13
1,352	Inventories	1,089	
105,562	Short-term Debtors	112,419	16
1,401	Assets Held for Sale	12,881	11
7,667	Cash and Cash Equivalents	16,496	14
151,640	**Current Assets**	**147,891**	
(39,596)	Short-term Borrowing	(33,688)	13
(125,978)	Short-term Creditors	(130,464)	15
(3,276)	Current Provisions	(6,516)	17
(11,234)	Grant Receipts in Advance – Revenue	(3,498)	28
(459)	Grant Receipts in Advance – Capital	(459)	28
(180,543)	**Current Liabilities**	**(174,625)**	
(5,732)	Long-term Provisions	(6,291)	17
(109,551)	Long-term Borrowing	(119,104)	13
(82,408)	Pension Liability	(26,262)	35
(19,289)	Grant Receipts in Advance – Revenue	(19,772)	28
(10,543)	Grant Receipts in Advance – Capital	(20,449)	28
(12,684)	Other Long-term Liabilities	(11,817)	18
(240,206)	**Long-term Liabilities**	**(203,695)**	
800,222	**Net Assets**	**798,473**	
(223,229)	Usable Reserves	(223,665)	
(576,993)	Unusable Reserves	(574,808)	19
(800,222)	**Total Reserves**	**(798,473)**	

The unaudited accounts were issued on 27th June 2025, and the audited accounts were authorised for issue on 16th February 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.

2023/24 £'000		2024/25 £'000	Note
(135,198)	Net surplus / (deficit) on the provision of services.	(78,221)	
125,656	Adjustments to the net deficit on the provision of services for non-cash movements.	107,644	20
(42,200)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	(75,195)	20
(51,742)	**Net cash flows from Operating Activities**	**(45,772)**	
7,625	Investing activities	52,217	21
36,369	Financing activities	2,384	22
(7,748)	**Net increase /(decrease) in cash and cash equivalents**	**8,829**	
15,415	Cash and cash equivalents at the beginning of the reporting period	7,667	
7,667	**Cash and cash equivalents at the end of the reporting period**	**16,496**	14

Notes to the Statement of Accounts

1. Accounting policies

i. General principles

The Statement of Accounts summarises the council's financial transactions for 2024/25 and its position at the year-end of 31 March 2025. 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 2024/25, 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) will be 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.

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.

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.

As a temporary relief from the reporting periods commencing 1 April 2021 through to 31 March 2025 local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. This temporary relief has been introduced to the Code because historical information deficits resulting from

the reporting requirements mean that this information is unlikely to faithfully represent the asset position to the users of the financial statements.

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)

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. As the council is deemed to control the services that are being provided under such contracts, and as ownership of the assets will pass 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 are 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 is 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 is applied to write down the Balance Sheet liability towards the PFI operator.
- Life cycle replacement costs: these are recognised as non-current assets on the Balance Sheet.

A government grant is received in respect of the PFI scheme, and this is credited to the Waste service.

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 2024/25 (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. Potential items have been identified as follows:

Other amended standards that apply from 1 April 2024 that have a minor impact on the Code are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) – the amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable
- IFRS 17 - Insurance Contracts – IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- Amendments to IAS 12 International Tax Reform: introducing a temporary mandatory exception from accounting for deferred taxes.

None of the above amendments are anticipated to have a material impact on the Council's financial performance and financial position

From 2025/26 the Code has made adaptations to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to expediate valuations, with valuations required every 5 years and supported by indexation in intervening periods. It is not possible at this time to calculate a reasonable estimate of the likely future impact on the accounts as the base data is currently unavailable for this period. However, we can discern from the £623m Net Book Value currently recorded on the balance sheet what impact a 5% change to any indices would have . Assuming 4/5th of the councils property plant and equipment are not revalued next year and assets under construction totalling £43m are excluded, a 5% change would have an impact of £5.8m to the Net Book Value.

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 is deemed to control the services created under the integrated waste management contract with Suez. 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 £9,442k) are recognised as Property, Plant and Equipment on the council's Balance Sheet, as shown in Note 11. The council is deemed to control the residual value of the assets, as the contract provides for the return of these assets at the end of the contract period.

(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 2025 is 13.17m (£14.825m in 2023/24).

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 the value of a significant number of Property Plant and Equipment, with a total Net Book Value Amount of £922m (including Infrastructure assets of £299m) at 31st March 2025. Of this total, £344m of Council PPE assets are held at Historic Cost, leaving £578m requiring revaluation at intervals of no more than 5 years, in accordance with the Code.

In order to mitigate the risk of material uncertainty in the valuations, all Community Centres, Leisure Centres, Libraries, Schools and the Secure Unit are revalued annually by the council's valuation team on a Depreciated Replacement Cost (DRC) basis. All Surplus Assets are revalued every year on a Fair Value basis. The remainder of the assets, being Operational assets, Land, and Community Assets are revalued on an Existing Use basis (either a Market approach, an Income approach, or a mix). The revaluations are carried out on the basis of a five year rolling programme.

Uncertainties

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

Effect

In 2024/25 the Council revalued 181 assets, which resulted in an updated Net Book Value amount of £512m. A 1% reduction in this value would result in a £5.12m reduction in the value of long-term assets and an equivalent reduction to Unusable Reserves in the Balance Sheet.

As stated above, a number of asset valuations are carried out on the basis of a five-year rolling programme. For these assets a separate desktop calculation is carried out, using industry standard indices, to estimate the change in asset valuation from the date of last valuation to 31st March 2025. This estimated change falls below the council's triviality threshold.

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 2025 in respect of defined benefit plans is £26,542m, including the impact of the Asset Ceiling (£30,698m).

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 £20.9m (£19.5m in 2023/24) 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 £49,894k to academy trusts following the academisation of 12 schools in 2024/25. 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 27 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, 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 2025 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.

Since the 31st of March 2025 five schools have transferred to academy status. Based on 2024/25 figures, this will result in an estimated £16,253k being derecognised from the balance sheet in relation to school buildings and a £116k increase in net expenditure reported in the comprehensive income and expenditure.

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).

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)**

2023/24	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	193,298	(10,990)	182,308	29,723	(1,193)	4,918	33,448	215,756
Place	46,410	11,899	58,309	44,656	(457)	1,116	45,315	103,624
Resources & Business Change	45,827	(6,283)	39,544	545	2,110	1,024	3,679	43,223
Net Cost of Services	**285,535**	**(5,374)**	**280,161**	74,924	**460**	**7,058**	**82,442**	**362,603**
Other Income and Expenditure	(287,169)	11,942	(275,227)	47,200	3,096	(2,474)	47,822	(227,405)
(Surplus)/Deficit on Provision of Services	**(1,634)**	**6,568**	4,934	122,124	3,556	4,584	130,264	135,198

Opening General Fund Balance	**(161,327)**
Less/plus surplus or deficit on General Fund	4,933
Closing General Fund Balance at 31 March 2024	**(156,394)**

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

2023/24 £'000		2024/25 £'000
	Expenditure	
235,099	Employee benefits and related expenditure	212,808
411,430	Other services expenses	455,161
44,270	Benefit payments and other grants	39,818
54,756	Depreciation, amortisation and impairment	46,900
11,673	Interest payments	15,395
14,760	Precepts and levies	16,084
11,194	City Region Deal*	41,583
84,192	(Gains) / Losses on the disposal of assets	48,694
867,374	**Total expenditure**	**876,443**
	Income	
(143,857)	Fees, charges, and other service income	(157,753)
(3,173)	Interest and investment income	(4,393)
(249,929)	Income from council tax and non-domestic rates	(266,712)
(292,592)	Government grants and contributions	(293,936)
(42,625)	Capital grants and contributions	(75,428)
(732,176)	**Total income**	**(798,222)**
135,198	**(Surplus) / Deficit on the Provision of Services**	**78,221**

**The City Region Deal expenditure of £46,770k in 2024/25 includes payments into the pool and uncommitted cash with a combined total of £41,583k (2023/24 £11,194), along with interest payable to the pool of £5,187k (2023/24 £4,654k) 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.

2023/24 General Fund balance £'000	2023/24 Capital Receipts reserve £'000	2023/24 Capital Grants Unapplied £'000	2023/24 TOTAL Unusable Reserves £'000		2024/25 General Fund balance £'000	2024/25 Capital Receipts reserve £'000	2024/25 Capital Grants Unapplied £'000	2024/25 TOTAL Unusable Reserves £'000
				Adjustments to the revenue resources				
(28,691)	0	0	28,691	Pensions costs transferred to (or from) the Pensions reserve	(25,381)	0	0	25,381
25,137	0	0	(25,137)	Employers Pensions contributions Payable	25,453	0	0	(25,453)
63	0	0	(63)	Financial instruments transferred to the Financial Instruments Adjustment Account	50	0	0	(50)
323	0	0	(323)	Pooled investment funds transferred to the Pooled Fund Adjustment Account	(315)	0	0	315
2,089	0	0	(2,089)	Council tax and non-domestic rates (transfers to or from Collection Fund Adjustment Account)	(6,987)	0	0	6,987
(3,504)	0	0	3,504	Holiday pay transferred to the Accumulated Absences reserve	4,683	0	0	(4,683)
(3,558)	0	0	3,558	Dedicated Schools Grant Adjustment Account	(11,455)	0	0	11,455
(32,733)	0	0	32,733	Revenue expenditure funded from capital under statute (REFCUS)	(37,959)	0	0	37,959
(40,874)	**0**	**0**	**40,874**	**Total adjustments to revenue resources**	**(51,911)**	**0**	**0**	**51,911**
				Adjustments between revenue and capital resources				
836	(836)	0	0	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts reserve	1,200	(1,200)	0	0
530	0	0	(530)	Repayment of Avon CC Debt Principal	509	0	0	(509)
6,752	0	0	(6,752)	Statutory provision for the financing of capital investment	7,097	0	0	(7,097)
2	0	0	(2)	Capital expenditure financed from revenue balances	972	0	0	(972)
0	0	0	0	Transfer from Capital adjustment account to usable reserves	(517)	0	517	0
8,120	**(836)**	**0**	**(7,284)**	**Total adjustments between revenue and capital resources**	**9,261**	**(1,200)**	**517**	**(8,578)**
				Adjustments to capital resources:				
(48,024)	0	0	48,024	Charges for depreciation of non-current assets	(44,423)	0	0	44,423
1,779	0	0	(1,779)	Revaluation (Decrease)/Increase of PPE	(10,487)	0	0	10,487
(1,281)	0	0	1,281	Impairment of PPE charged to Capital Adjustment Account	(1,008)	0	0	1,008
(5,600)	0	0	5,600	Movements in the value of Investment Properties	(1,203)	0	0	1,203
(1,958)	0	0	1,958	Amortisation of intangible assets	(2,880)	0	0	2,880
(85,050)	0	0	85,050	Non-Current assets written off on disposal	(49,893)	0	0	49,893
0	0	0	0	Loan repayment from capital receipts	0	(3,557)	0	3,557
0	6,890	0	(6,890)	Use of the Capital Receipts reserve to finance capital expenditure	0	9,995	0	(9,995)
0	0	44,336	(44,336)	Application of capital grants and contributions to finance capital expenditure	0	0	68,132	(68,132)
42,625	0	(42,625)	0	Transfer of capital grants and contributions to Capital Grants unapplied	75,591	0	(75,591)	0
(97,509)	**6,890**	**1,711**	**88,910**	**Total adjustments to capital resources**	**(34,303)**	**6,438**	**(7,459)**	**35,324**
(130,265)	**(6,054)**	**1,711**	**122,500**	**Total adjustments**	**(76,953)**	**5,238**	**(6,942)**	**78,657**

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 2023**	Transfer out	Transfer in	**Balance at 31 March 2024**	**Transfer out**	**Transfer in**	**Balance at 31 March 2025**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Schools balances	**(9,319)**	3,037	(40)	**(6,322)**	**4,171**	**(886)**	**(3,037)**
Section 31 Grant Reserve	**(956)**	0	0	**(956)**	**956**	**0**	**0**
Earmarked for revenue purposes							
Dedicated Schools Grant balance	**(1,443)**	1,443	0	**0**	0	0	**0**
Home choice	**(700)**	0	0	**(700)**	0	0	**(700)**
Psychology service	**(86)**	0	(29)	**(115)**	41	0	**(74)**
Public Health	**(2,344)**	232	(18)	**(2,130)**	1	(47)	**(2,176)**
Prevention Fund Reserve	**(2,010)**	496	0	**(1,514)**	910	(486)	**(1,090)**
Refugee resettlement reserve	**(3,425)**	869	(170)	**(2,726)**	851	(616)	**(2,491)**
Vinney Green Secure Unit	**0**	0	(16)	**(16)**	16	0	**0**
Troubled families	**(304)**	19	(29)	**(314)**	4	(145)	**(455)**
Total PEOPLE	**(10,312)**	3,059	(262)	**(7,515)**	1,823	(1,294)	**(6,986)**
Arts funding	**(17)**	**9**	**0**	**(8)**	0	0	**(8)**
Domestic homicide review	**(10)**	0	0	**(10)**	10	0	**0**
Housing Enabling	**(363)**	0	(49)	**(412)**	77	0	**(335)**
Integrated Care Reserve	**(3,112)**	2,209	0	**(903)**	430	0	**(473)**
Licensing	**(820)**	324	0	**(496)**	119	0	**(377)**
Local Plan/Development Framework	**(644)**	232	0	**(412)**	329	0	**(83)**
Oldbury Nuclear Planning	**(488)**	56	0	**(432)**	20	0	**(412)**
Open Spaces improvements	**(130)**	0	0	**(130)**	0	0	**(130)**
Planning Appeals	**(1,152)**	152	0	**(1.000)**	0	0	**(1,000)**
Private Sector Housing - Accommodation Survey	**(10)**	0	(3)	**(13)**	0	(2)	**(15)**
Strategic Project Development Fund	**(385)**	252	0	**(133)**	0	0	**(133)**
Waste management equalisation	**(8,073)**	2,006	(466)	**(6,533)**	2,594	0	**(3,939)**
Total PLACE	**(15,204)**	5,240	(518)	**(10,482)**	3,579	(2)	**(6,905)**

	Balance at 31 March 2023	Transfer out	Transfer in	Balance at 31 March 2024	Transfer out	Transfer in	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget carry forward	**(2,527)**	2,642	(3,798)	**(3,683)**	3,746	(3,111)	**(3,048)**
City Region Deal – Economic Development Fund smoothing	**(53,519)**	0	(9,507)	**(63,026)**	27,405	(8,585)	**(44,206)**
CIL Admin reserve	**(992)**	992	(804)	**(804)**	804	(693)	**(693)**
Corporate Telephone system	**(401)**	401	(650)	**(650)**	140	0	**(510)**
Council elections	**(141)**	56	0	**(85)**	0	(112)	**(197)**
Council Tax and Business Rate Support Reserve	**(2,658)**	20,988	(25,826)	**(7,496)**	14,831	(23,890)	**(16,555)**
COVID Financial Support Reserve	**(907)**	426	0	**(481)**	141	0	**(340)**
Economic development	**(21)**	0	0	**(21)**	99	(100)	**(22)**
Enterprise Resource Planning	**0**	0	(1,000)	**(1,000)**	0	0	**(1,000)**
Financial Risks Reserve	**(38,990)**	21,998	0	**(16,992)**	4,065	(20,756)	**(33,683)**
Invest to Save	**(1,449)**	477	(30)	**(1,002)**	1,780	(783)	**(5)**
Investment smoothing	**(2,878)**	1,406	(1,013)	**(2,485)**	613	(936)	**(2,808)**
New Homes Bonus	**(198)**	115	0	**(83)**	82	(32)	**(33)**
Print and multi-functional device renewal	**(142)**	34	0	**(108)**	0	0	**(108)**
Property Maintenance Reserve	**(200)**	0	0	**(200)**	0	0	**(200)**
Music Hub Arts Council Reserve	**(264)**	264	0	**0**	0	0	**0**
Severance	**(730)**	427	0	**(303)**	0	0	**(303)**
Service Investment and Opportunities	**(2,830)**	1,191	(2)	**(1,641)**	656	0	**(985)**
Traded services	**(313)**	313	(36)	**(36)**	601	(601)	**(36)**
Total RESOURCES & BUSINESS CHANGE	**(109,160)**	**51,730**	**(42,666)**	**(100,096)**	**54,963**	**(59,599)**	**(104,732)**
Total earmarked for revenue purposes	**(134,676)**	**60,029**	**(43,446)**	**(118,093)**	**60,365**	**(60,895)**	**(118,623)**
Earmarked for capital purposes							
BAC Aviation Trust	**(789)**	134	(134)	**(789)**	9	0	**(780)**
Capital Fund	**(2,826)**	867	0	**(1,959)**	47	0	**(1,912)**
Page Park Maintenance	**(74)**	0	0	**(74)**	0	0	**(74)**
Revenue Contributions to Capital funding	**(475)**	475	(4,702)	**(4,702)**	5,584	(6,582)	**(5,700)**
Major schemes	**(285)**	0	0	**(285)**	0	0	**(285)**
Street Care Fixed Assets Replacement	**(3,216)**	991	(1975)	**(4,200)**	186	(1,689)	**(5,703)**
Total earmarked for capital purposes	**(7,665)**	**2,467**	**(6,811)**	**(12,009)**	**5,826**	**(8,271)**	**(14,454)**
Total Earmarked Reserves	**(152,616)**	**65,533**	**(50,297)**	**(137,380)**	**71,318**	**(70,052)**	**(136,114)**

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
Dedicated Schools grant balance	This reserve is retained to hold any annual surpluses which are to be held as ring-fenced reserves.
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
Music Hub – Arts Council Reserve	To provide a restricted reserve for Music education hub purposes to comply with the grant conditions for Arts Council for England.
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.

Reserves for revenue purposes

Name	Purpose
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.
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 through Integra, including cover for sickness and maternity leave, equipment and training.
Public Health	To support the public health functions of the council.
Residual HRA	To hold the Housing Revenue Account balance at the time the Large Scale Voluntary Transfer of housing in 2007, delegated to members to fund projects in former council housing areas.
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 meet 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

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

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

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.

	Infrastructure Assets	
2023/24		**2024/25**
£'000		**£'000**
298,257	Net Book Value (modified historical cost) at 1 April	299,153
20,975	Additions	20,152
(20,079)	Depreciation	(20,737)
299,153	**Net Book Value at 31 March**	**298,568**

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.

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, Plant ,Eqt**
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**

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

Movements in 2023/24	**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, Plant ,Eqt**
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2023	**598,845**	**136,296**	**987**	**23,772**	**8,055**	**767,955**	**22,914**
Additions	7,455	1,895	0	1,849	10,486	**21,685**	0
Accumulated depreciation and impairment written off to Gross carrying amount (GCA) *	(19,354)	(5,806)	0	0	0	**(25,160)**	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve.	10,558	(1,318)	0	(127)	6,798	**15,911**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services.	1,708	5	0	(166)	0	**1,547**	0
Derecognition – Disposals	(71,422)	(17,099)	0	0	0	**(88,521)**	0
Assets reclassified	11,110	0	0	(363)	(11,110)	**(363)**	(3,350)
At 31 March 2024	**538,900**	**113,973**	**987**	**24,965**	**14,229**	**693,054**	**19,564**
Accumulated Depreciation and Impairment							
At 1 April 2023	**(6,283)**	**(21,361)**	**(15)**	**0**	**0**	**(27,659)**	**(11,110)**
Depreciation charge.	(18,045)	(9,888)	(15)	0	0	**(27,948)**	(1,100)
Accumulated Depreciation and Impairment written off to GCA *	19,200	5,786	0	0	0	**24,986**	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.	(3,365)	0	0	0	0	**(3,365)**	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services.	(937)	20	0	0	0	**(917)**	0
Derecognition – disposals.	1,940	1,576	0	0	0	**3,516**	0
Assets reclassified.	0	0	0	0	0	**0**	0
At 31 March 2024	**(7,490)**	**(23,867)**	**(30)**	**0**	**0**	**(31,387)**	**(12,210)**
Net Book Value							
At 31 March 2024	**531,410**	**90,106**	**957**	**24,965**	**14,229**	**661,667**	**7,354**
At 31 March 2023	**592,562**	**114,935**	**972**	**23,772**	**8,055**	**740,296**	**11,804**

Surplus assets

2023/24 £'000	Surplus Assets	2024/25 £'000
23,772	Balance at 1 April	24,965
	Assets newly classified as Surplus:	
1,038	From Assets Held for Sale	0
1,850	Additions	1,714
(981)	Revaluation losses	(5,961)
687	Revaluation gains	25
	Assets declassified as Surplus:	
(1,401)	To Property Plant and Equipment	0
0	To Assets held for Sale	(11,480)
24,965	**Balance at 31 March**	**9,263**

Fair value hierarchy

Details of the council's surplus assets and information about the fair value hierarchy as at 31 March 2025 and at 31 March 2024 are as follows:

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities	Fair Value 31 March 2024 £000	Fair Value 31 March 2025 £000
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	24,965	9,263

The council's surplus assets 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, adjusted to reflect planning uncertainty. This takes into account quoted prices for comparable assets, any site constraints and current planning guidance. This being a key sensitivity to a particular property's market value. Planning permissions directly affect value as this dictates use and development type/density. Unexpected constraints, the need for Affordable Housing allocation and Community Infrastructure Levy (CIL) payments for example can reduce value. Reasonable assumptions are made when valuing these types of assets with more caution given to Surplus Assets before planning guidance is obtained.

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

Capital Commitments

As at 31 March 2025, the Council had contractual commitments for capital schemes in 2025/26 and future years. These commitments totalled £51,093k as shown in the table below. Similar commitments as at 31 March 2024 were £20,145k.

	Commitment at 31 March 2025 £'000
Lyde Green Secondary School (BAM)	24,662
Lyde Green Primary School (BAM)	10,174
Abbeywood Community School (Morgan Sindall)	5,753
Avonmouth & Severnside flood Mitigation & Ecology (BMM)	5,287
Charfield Station (Network Rail)	2,228
The Grange (Beaver Bridges)	1,232
SGS Pegasus School (Encon)	1,019
A38 Multi Modal Corridor Scheme CRSTS (Vodafone)	738
Total	**51,093**

Schedule of Asset Revaluations by Year

The council carries out a five-year rolling revaluation programme for its material Property, Plant and Equipment assets. The valuations are undertaken by officers in the council's Property Services division, who are RICS qualified valuers, in accordance with methodologies and bases for estimation set out in the standards of the Royal Institution of Chartered Surveyors.

In 2024/25 the rolling programme of revaluations was undertaken at 31 December 2024; all infant, junior and primary schools, libraries, youth centres, community centres, and the elderly persons home were valued at 31 January 2025; Assets Held for Sale, Surplus Assets, Regeneration Assets and Investment Properties at 28 February 2025; and leisure centres, the secondary school, the secure unit, and corporate offices were valued at 31 March 2025. Valuers are satisfied that the Balance Sheet value of assets is not materially different from if a full valuation had been carried out on 31 March 2025.

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at Current Value in year							
2024/25	421,469	74,102	0	0	9,263	6,798	**511,632**
2023/24	34,515	0	0	0	0	0	**34,515**
2022/23	11,211	0	0	91	0	0	**11,302**
2021/22	8,668	0	0	473	0	0	**9,141**
2020/21	9,264	0	1,556	0	0	0	**10,820**
Held at historic cost	1,354	9,461	297,012	381	0	35,918	**344,126**
Total	**486,481**	**83,563**	**298,568**	**945**	**9,263**	**42,716**	**921,536**

Assets Held for Sale

	Current	
	2024/25	2023/24
	£'000	£'000
Balance at 1 April	1,401	1,038
Assets newly classified as held for sale		
Surplus	11,480	1,401
Assets declassified as held for sale:		
Property, Plant and Equipment	0	(1,038)
Balance at 31 March	**12,881**	**1,401**

Fair value hierarchy

Details of the council's assets held for sale and information about the fair value hierarchy as at 31 March 2025 and at 31 March 2024 are as follows:

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities	Fair Value 31 March 2025 £000	Fair Value 31 March 2024 £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	12,881	1,401

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:

2023/24 £'000		2024/25 £'000
(4,710)	Rental income from investment property	(5,849)
3,393	Direct operating expenses arising from investment property	2,285
5,600	Net gain/loss from fair value adjustments	1,203
4,283	**Net (gain)/loss**	**(2,361)**

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:

2023/24 £'000		2024/25 £'000
64,231	Balance at the start of the year	58,635
4	Additions – Purchases	5
0	Disposals	0
(5,600)	Net gains/(losses) from fair value adjustments	(1,203)
0	Transfers from Property, plant and equipment	3,245
58,635	**Balance at the end of the year**	**60,682**

Fair value hierarchy

Details of the council's investment properties and information about the fair value hierarchy as at 31 March 2025 and at 31 March 2024 are as follows:

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**

31 March 2024	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Fair value as at 31 March 2024**
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**
Retail	1,180	0	**1,180**
Industrial	19,735	2,325	**22,060**
Office units	23,540	0	**23,540**
Commercial units	5,850	6,005	**11,855**
Total	**50,305**	**8,330**	**58,635**

Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy in 2024/25.

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 2024 £'000		31 March 2025 £'000
8,071	Opening balances	8,330
259	Total gains/losses for the period included in the surplus or deficit on the provision of services resulting from changes in the fair value	722
8,330	**Closing balance**	**9,052**

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 2025 (£'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	6,532	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	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Financial Liabilities	**£'000**	**£'000**	**£'000**	**£'000**
Financial liabilities at amortised cost				
Principal borrowed	**(119,104)**	(109,551)	**(32,447)**	(38,447)
Accrued interest	**0**	0	**(1,241)**	(1,149)
Total borrowing *	**(119,104)**	(109,551)	**(33,688)**	(39,596)
Financial liabilities at contract cost included in creditors****	**0**	0	**(41,870)**	(43,873)
PFI Liabilities	**0**	(339)	**(339)**	(1,260)
Total Financial Liabilities	**(119,104)**	(109,890)	**(75,897)**	(84,729)
Financial Assets				
Investments held at amortised cost				
Principal	**0**	0	**5,000**	35,000
Accrued interest	**0**	0	**6**	658
Loss allowance	**0**	0	**0**	0
Total investments held at amortised cost**	**0**	0	**5,006**	35,658
Investments held at fair value through profit and loss***	**23,289**	27,604	**0**	0
Total investments	**23,289**	27,604	**5,006**	35,658
Cash and Cash equivalents				
Held at amortised cost	**0**	0	**1,096**	1,985
Held at fair value through profit and loss	**0**	0	**15,400**	5,682
Total cash and cash equivalents	**0**	0	**16,496**	7,667
Debtors				
Long- and short-term debtors*****	**8,911**	12,431	**56,814**	58,815
Loss allowances	**(1,083)**	(1,039)	**(5,489)**	(4,296)
Financial instruments included in Debtors	**7,828**	11,392	**51,325**	54,519
Total Financial Assets	**31,117**	38,996	**72,827**	97,844

* Borrowing comprises approximately £103m from the Public Works Loan Board and £16m 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 £88.6m creditors (£85.5m in 2023/24) 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 £55.6m debtors (£51.0m in 2023/24) 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 2025, 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 2025 £'000	Carrying amount 31 March 2024 £'000	Fair Value 31 March 2025 £'000	Fair Value 31 March 2024 £'000
Financial Liabilities held at amortised cost					
External Borrowing - Public Works Loan Board	2	(104,192)	(94,631)	(84,878)	(85,753)
External Borrowing - Market	2	(48,600)	(54,516)	(44,052)	(52,092)
Creditors - financial liabilities at contract cost	*	(41,870)	(43,873)	(41,870)	(43,873)
PFI liability	*	(339)	(1,599)	(339)	(2,859)
Total Financial Liabilities		**(195,001)**	**(194,619)**	**(171,139)**	**(184,577)**
Financial Assets held at amortised cost					
Long- and short-term investments	2	5,006	35,658	5,009	35,664
Long- and short-term debtors	*	59,153	65,911	59,153	65,911
Cash and cash equivalents	*	1,096	1,985	1,096	1,985
Total Financial Assets at amortised cost		**65,255**	**103,554**	**65,258**	**103,560**
Financial Assets where carrying value is fair value					
Money market funds	1	15,400	5,682		
Bond. equity and multi asset funds	1	17,170	21,601		
Property fund	2	6,119	6,003		
Total Financial Assets held at fair value		**38,689**	**33,286**		
Total Financial Assets		**103,944**	**136,840**		

* 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.

The fair value of investments held at amortised cost is marginally higher than the carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

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:

2023/24					2024/25			
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
6,431	0	0	6,431	Interest expense	11,900	0	0	11,900
0	0	0	0	Loss on derecognition	0	0	1	1
0	173	0	173	Impairment losses	0	179	0	179
6,431	**173**	**0**	**6,604**	**Interest payable and similar charges**	**11,900**	**179**	**1**	**12,080**
0	(379)	(142)	(521)	Interest income	0	(1,672)	(1,361)	(3,033)
0	0	(1,369)	(1,369)	Dividend income	0	0	(1,361)	(1,361)
0	0	0	0	Gains on derecognition	0	0	(321)	(321)
0	0	(323)	(323)	Gains from changes in fair value	0	0	(264)	(264)
0	(7)	0	(7)	Impairment loss reversals	0	0	0	0
0	**(386)**	**(1,834)**	**(2,220)**	**Interest and investment income**	**0**	**(1,672)**	**(3,307)**	**(4,979)**
6,431	**(213)**	**(1,834)**	**4,384**	**Net impact on surplus/deficit on provision of services**	**11,900**	**(1,493)**	**(3,306)**	**7,101**

14.Cash and cash equivalents

31 March 2024		31 March 2025
£'000		£'000
89	Cash held by the council	80
1,896	Bank current accounts	1,016
5,682	Other short-term deposits	15,400
7,667	**Total Cash and Cash Equivalents**	**16,496**

"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 2024 £'000	Creditors	31 March 2025 £'000
(7,447)	Central Government Bodies	(926)
(42,779)	Other local authorities	(48,584)
(297)	NHS bodies	(198)
(58,668)	Other Trade Payables	(67,325)
(2,107)	Council Tax	(2,984)
(10,287)	Business Rates	(4,820)
(4,393)	Receipts in advance	(5,627)
(125,978)	**Short-term Creditors**	**(130,464)**

16. Debtors

31 March 2024 £'000		31 March 2025 £'000
11,392	**Long-term debtors**	**8,528**
	Current debtors	
14,302	Council tax payers	13,686
3,850	Business rates	4,628
11,514	Related party receivables	19,812
61,271	Trade receivables	57,666
5,321	Other local authorities	1,282
15,134	Prepayments	22,278
(5,830)	Impairment Allowance for doubtful debts	(6,933)
105,562	**Short-term Debtors**	**112,419**

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 2024 £'000	Additional provisions £'000	Amounts used £'000	Amounts released £'000	31 March 2025 £'000
Business rates appeals provision	(5,175)	(9,974)	5,807	0	(9,342)
Harnhill restoration	(1,142)	(56)	177	0	(1,021)
Insurance provision	(2,691)	(478)	290	435	(2,444)
Total	**(9,008)**	**(10,508)**	**6,274**	**435**	**(12,807)**

Provisions are shown on the Balance Sheet as below:

	31 March 2024	Additional provisions	Amounts used*	Amounts Released	31 March 2025
	£'000	£'000	£'000	£'000	£'000
Current (< 1 year)	(3,276)	(4,617)	942	435	(6,516)
Non-current (> 1 year)	(5,732)	(5,891)	5,332	0	(6,291)
	(9,008)	**(10,508)**	**6,274**	**435**	**(12,807)**

**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 2024 £'000		31 March 2025 £'000
(339)	Waste Private Finance Initiative lease	0
(12,205)	Residual Avon County Council debt (*see below*)	(11,718)
(97)	Deferred income	(56)
(43)	Repayable deposits	(43)
(12,684)	**Total**	**(11,817)**

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 2024 £'000		31 March 2025 £'000
(12,714)	Opening balance	(12,205)
509	Reclassified and included in short term creditors	487
(12,205)	**Closing balance**	**(11,718)**

Repayment of debt amounting to £508k was made in 2024/25. 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 2024 £'000		31 March 2025 £'000
(398,915)	Revaluation Reserve	(377,811)
(295,008)	Capital Adjustment Account	(271,288)
152	Financial Instruments Adjustment Account	102
83,469	Pensions Reserve	26,806
(5,029)	Collection Fund Adjustment Account	1,958
8,672	Accumulated Absences Account	3,989
2,206	Pooled Fund Adjustment Account	2,521
27,460	Dedicated Schools Grant Adjustment Account	38,915
(576,993)	**Total Unusable Reserves**	**(574,808)**

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 2024 £'000		31 March 2025 £'000	£'000
(456,310)	**Opening Balance at 1 April**		**(398,915)**
(50,541)	Upward revaluation of assets	(31,820)	
37,891	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	11,939	
(12,650)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**(19,881)**
19,213	Difference between fair value depreciation and historical cost depreciation	15,719	
50,832	Accumulated gains on assets sold or scrapped	25,266	
70,045	**Amount written off to the Capital Adjustment Account**		**40,985**
(398,915)	**Closing Balance at 31 March**		**(377,811)**

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 2024 £'000		31 March 2025 £'000
(339,425)	**Opening Balance at 1 April**	**(295,008)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
49,307	Charges for depreciation and impairment of non-current assets.	45,433
(1,676)	Revaluation losses and gains reversing past losses on non-current assets.	10,487
1,958	Amortisation of intangible assets.	2,880
32,733	Revenue expenditure funded from capital under statute.	37,959
85,050	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.	49,894
167,372		**146,653**
(70,045)	Adjusting amounts written out of the Revaluation Reserve	(40,985)
97,327	**Net written out amount of the cost of non-current assets consumed in the year**	**105,668**
	Capital financing applied in the year:	
(6,890)	Use of capital receipts to finance new capital expenditure	(9,995)
(44,336)	Capital grants and contributions applied	(68,132)
(2)	Capital expenditure charged against General Fund balances	(972)
(1,799)	PFI and Finance Lease repayments	(1,543)
(4,953)	Statutory provision for the financing of capital investment charged against the General Fund balance	(5,557)
0	Debt repayment funded by capital receipts	3,557
(530)	Repayment of ex-Avon debt	(509)
(58,510)		**(83,151)**
5,600	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	**1,203**
(295,008)	**Closing Balance at 31 March**	**(271,288)**

Financial Instruments Adjustment Account

This account absorbs the timing differences arising from discounts and premiums on premature debt redemption, and similar financial transactions.

31 March 2024 £'000		31 March 2025 £'000	£'000
214	Opening Balance at 1 April		152
(63)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	(51)	
1	Proportion of discounts received in previous financial years to be credited against the General Fund Balance in accordance with statutory requirements.	1	
(62)	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.		(50)
152	**Closing Balance at 31 March**		**102**

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 2024 £'000		31 March 2025 £'000
124,944	Opening Balance at 1st April	83,469
(45,004)	Remeasurement of the net Defined Benefit Liability	(87,289)
28,691	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	25,381
(25,162)	Employer's pensions contributions and direct payments to pensioners payable in the year	(25,453)
83,469	**Closing Balance at 31 March**	**(3,892)**
0	Asset Ceiling impact adjustment	30,698
83,469	**Closing Balance at 31 March**	**26,806**

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 2024 £'000		31 March 2025 £'000
(2,940)	Opening Balance at 1st April	(5,029)
(2,089)	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.	6,987
(5,029)	**Closing Balance at 31 March**	**1,958**

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 2024 £'000		31 March 2025 £'000
5,168	Opening Balance at 1st April	8,672
(5,168)	Settlement of previous year accrual	(8,672)
8,672	Amounts accrued at end of the current year	3,989
8,672	**Closing Balance at 31 March**	**3,989**

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 2024 £'000		31 March 2025 £'000
2,529	Opening Balance at 1st April	2,206
(323)	Fair value movements transferred to/from the General Fund in accordance with the statutory requirements	315
2,206	**Closing Balance at 31 March**	**2,521**

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 2024 £'000		31 March 2025 £'000
23,902	Opening Balance at 1st April	27,460
3,558	School budget deficit transferred from General Fund in accordance with statutory requirements	11,455
27,460	**Closing Balance at 31 March**	**38,915**

20. Cash Flow Statement – operating activities

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

2023/24 £'000		2024/25 £'000
48,026	Depreciation	44,425
1,958	Amortisation of intangible assets	2,880
(498)	Impairments and downward valuations	11,495
6,545	Increase / (decrease) in creditors	(2,767)
(19,342)	(Increase) / decrease in debtors	(3,993)
(164)	(Increase) / decrease in inventories	263
2,493	Movement in pensions liability	445
85,050	Carrying amount of non-current assets sold/de-recognised	49,895
5,600	Movement in investment property values	1,203
(4,012)	Other non-cash items charged to the net surplus or deficit on the provision of services	3,798
125,656		**107,644**

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

2023/24 £'000		2024/25 £'000
(42,625)	Capital Grants credited to provision of services	(75,591)
1,261	Payments reducing finance lease and PFI liabilities	1,261
(836)	Proceeds from sale of property, plant and equipment	(865)
(42,200)		**(75,195)**

The cash flows for operating activities include the following items:

2023/24 £'000		2024/25 £'000
521	Interest received	3,032
(6,431)	Interest paid	(11,900)
1,369	Dividends received	1,361

21. Cash Flow Statement – investing activities

2023/24 £'000		2024/25 £'000
(48,306)	Purchase of property, plant and equipment, investment property and intangible assets	(68,246)
(113,205)	Purchase of short term and long-term investments	(100,000)
(2,147)	Other payments for investing activities	(866)
836	Proceeds from the sale of property, plant and equipment	865
131,670	Proceeds from short-term and long-term investments	134,967
38,777	Other receipts from investing activities – Capital grants and contributions received	85,497
7,625	**Net Cash Flows from Investing Activities**	**52,217**

22. Cash Flow Statement – financing activities

2023/24 £'000		2024/25 £'000
37,630	Cash receipts (repayments) of short and long term borrowing	3,645
(1,261)	Cash payments reducing finance lease and PFI liabilities	(1,261)
36,369	**Net Cash Flows from Financing Activities**	**2,384**

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 £11,636k is included in the council's statement of accounts alongside expenditure of £19,903k.

2023/24				2024/25		
BNSSG ICB	S.Glos. Council	Total		BNSSG ICB	S. Glos. Council	Total
£000	**£000**	**£000**		**£000**	**£000**	**£000**
(22,544)	(7,621)	(30,165)	**Funding provided to the partnership budget**	(23,955)	(8,267)	(32,222)
11,201	(11,201)	0	CCG/ICB funding to South Gloucestershire Council	11,636	(11,636)	0
(11,343)	(18,822)	(30,165)		(12,319)	(19,903)	(32,222)
11,343	18,822	30,165	**Expenditure met from the partnership budget**	12,319	19,903	32,222
0	**0**	**0**	**Net (surplus)/deficit arising from the partnership in the year**	**0**	**0**	**0**

24. Members' allowances

2023/24 £'000		2024/25 £'000
844	Basic Allowance	867
253	Special Responsibility Allowance	265
9	Expenses	2
1,106	**Total**	**1,134**

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 2024/25, which is included in the figures below.

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**

2023/24	Salaries, fees and allowances	Pension Contribution	Total remuneration
	£	£	£
Chief Executive Officer	180,426	37,890	218,316
Executive Director of Resources and Business Change	135,174	28,386	163,560
Executive Director of Adults, Housing & Community Development	113,329	23,799	137,128
Executive Director – People	145,181	30,488	175,669
Executive Director – Place	145,181	30,488	175,669
Service Director – Legal & Governance	122,149	25,651	147,800
Director of Public Health	99,072	20,488	119,560
Service Director – Finance & Chief Financial Officer (1/4/23 – 25/2/24)	84,614	17,769	102,383
Interim Service Director – Finance & Chief Financial Officer (16/2/24 – 31/3/24) *			19,699

*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 2025**	**No. at 31 March 2024**	**No. at 31 March 2025**	**No. at 31 March 2024**
£50,000 - £54,999	**119**	85	**63**	51
£55,000 - £59,999	**82**	67	**44**	32
£60,000 - £64,999	**33**	34	**17**	16
£65,000 - £69,999	**38**	32	**13**	22
£70,000 - £74,999	**11**	7	**13**	11
£75,000 - £79,999	**5**	6	**12**	13
£80,000 - £84,999	**2**	5	**8**	7
£85,000 - £89,999	**10**	11	**-**	2
£90,000 - £94,999	**3**	1	**2**	3
£95,000 - £99,999	**4**	1	**3**	1
£100,000 - £104,999	**3**	3	**1**	2
£105,000 - £109,999	**-**	-	**-**	1
£110,000 - £114,999	-	-	**2**	-

In 2024/25 seven non-teaching and one teaching staff member appears in the table above by virtue of having received redundancy or compensation payments. In 2023/24, four non-teaching staff and no teaching staff appear in this table by virtue of having received redundancy or compensation payments.

26. External audit costs

2023/24 £'000		2024/25 £'000
380	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year.*	383
60	Fees Payable to Grant Thornton UK LLP for other services provided for the year.	66
440	**Total**	**449**

* *The fees payable for external audit services in 2023/24 include £12,750 additional fees for the audit of 2022/23.*

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:

2023/24 Total £'000		2024/25 Central Expenditure £'000	2024/25 Individual Schools Budget £'000	2024/25 Total £'000
269,317	Final DSG before Academy and High Needs recoupment			302,669
(116,459)	*Less* Academy and High Needs figure recouped for 2024/25			(146,609)
152,858	**Total DSG after Academy and High needs recoupment**			**156,060**
1,443	Plus: Brought forward from previous year			0
154,301	**Agreed Initial Budget Distribution**	**48,599**	**107,461**	**156,060**
2,103	In-year adjustments	2,282	0	2,282
156,404	**Final Budget Distribution for 2024/25**	**50,881**	**107,461**	**158,342**
(65,391)	*Less*: Actual Central Expenditure	(62,669)	0	(62,669)
(94,904)	*Less*: Actual ISB deployed to schools	0	(107,461)	(107,461)
333	*Plus:* Local Authority contribution for 2024/25	333	0	333
(3,558)	**In year Carry-Forward to 2025/26**	**(11,455)**	**0**	**(11,455)**
(3,558)	**Carry-forward to 2025/26**			**0**
(23,902)	DSG unusable reserve at the end of 2023/24			**(27,460)**
(3,558)	Addition to DSG unusable reserve at the end of 2024/25			**(11,455)**
(27,460)	**Total DSG unusable reserve at the end of 2024/25**			**(38,915)**
(27,460)	**Net DSG position at the end of 2024/25**			**(38,915)**

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:

2023/24 £'000		2024/25 £'000
	Credited to taxation and non-specific grants	
(22,969)	S31 Grant	(25,526)
(12,757)	Social Care Grant	0
(4,633)	Improved Better Care grant	(4,633)
(2,747)	New Homes Bonus	(2,838)
(2,190)	ASC Market Sustainability & Improvement Fund	0
(1,524)	Services grant	(263)
(650)	Other grants	0
(47,470)	**Total non-ring-fenced government grants**	**(33,260)**
	Credited to services	
(154,353)	Dedicated Schools Grant	(156,886)
0	Social Care Grant	(16,778)
(10,203)	Public Health	(11,415)
(1,422)	ASC Market Sustainability, Improvement and Health	(4,191)
(1,006)	Teachers Pay Grant	(3,553)
(3,566)	School grants – Primary/pupil premium	(3,416)
(2,502)	CSC - Asylum Seekers - Unaccompanied	(2,685)
(3,204)	Free School Meals	(2,462)
(2,970)	Primary Schools Other Grants	(2,401)
(1,076)	Ukrainian Refugees	(1,385)
(855)	Homeless Prevention	(1,115)
(1,308)	Primary Schools PE & Sports Premium	(1,094)
(649)	ASC Discharge Grant	(1,082)
(1,297)	Early Years supplementary grant	0
(7,924)	Other Grants	(5,593)
(192,335)	**Total People**	**(214,056)**
(3,052)	Private Finance Initiative (PFI)	(3,052)
(2,421)	Other Grants	(2,080)
(5,473)	**Total Place**	**(5,132)**
(41,972)	Housing Benefit Subsidy	(36,566)
(2,578)	Household Support Fund	(1,410)
(1,000)	Western Gateway Secretariat	(1,000)
(1,726)	Other Grants	(2,473)
(47,276)	**Total Resources & Business Change**	**(41,449)**
(245,084)	**Total Grants credited to Services in the Comprehensive Income and Expenditure Statement**	**(260,637)**
(38)	Devon & Severn Inshore Fisheries & Conservation Authority	(38)
(38)	**Total Devon & Severn Inshore Fisheries & Conservation Authority**	**(38)**
(292,592)	**Total Revenue Grants credited to the Comprehensive Income & Expenditure Statement**	**(293,935)**

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

2023/24 £'000		Source	2024/25 £'000
(1,509)	Avonmouth & Severnside (ASEA)	WECA	(13,457)
0	BASIC Need	DfE	(12,607)
(9,231)	Integrated Transport Block	DfT	(10,006)
(3,341)	Developers' contributions	Various	(9,798)
0	Charfield Station	WECA	(4,936)
0	Arena Infrastructure	WECA	(3,069)
(1,198)	City Region Sustainable Transport A432	WECA	(3,010)
(2,543)	Disabled Facilities Grant	DLUHC	(2,902)
0	City Region Sustainable Transport A4174	WECA	(1,923)
(1,193)	City Region Sustainable Transport A38	WECA	(1,777)
(2,093)	Standards Fund	DfE	(1,666)
(6,250)	High Needs provision	DLUHC	(1,583)
0	M49 Junction	DfT	(1,209)
(2,856)	LA Housing Fund	DLUHC	0
(1,789)	Pothole repairs	DfT	0
(1,274)	Live Labs	DfT	0
(9,348)	Other grants (below £1,000k)	Various	(7,648)
(42,625)	**Total**		**(75,591)**

Grant Receipts in Advance – Current

31 March 2024 £'000	Grant Receipts in Advance - Revenue	31 March 2025 £'000
(10,132)	ASEA Whole Life costs	(2,375)
(1,102)	Developers' contributions	(1,123)
(11,234)	**Total**	**(3,498)**
	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 2024 £'000	Grant Receipts in Advance - Revenue	31 March 2025 £'000
(19,289)	Developers' contributions	(19,772)
(19,289)	**Total**	**(19,772)**
	Grant Receipts in Advance - Capital	
(10,543)	Developers' contributions	(20,449)
(10,543)	**Total**	**(20,449)**

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 2024/25 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 2024/25.

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 £238,000 in 2024/25 and at 31 March 2025 the company owed £668,000 to the council which is included in debtors, and the council owed £294,000 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 2024/25 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.

2023/24		**2024/25**
£'000		**£'000**
318,364	**Opening Capital Financing Requirement**	**343,343**
	Capital Investment:	
20,974	Infrastructure Assets	20,152
21,685	Property, Plant & Equipment	11,021
4	Investment Property	5
5,643	Intangible Assets	6,867
2,450	Long-term loans	700
0	Surplus Assets	1,714
0	Assets under construction	28,487
32,733	Revenue Expenditure Funded from Capital under Statute	37,959
83,489		**106,905**
	Sources of Finance:	
(44,336)	Government grants & other contributions	(68,132)
(6,890)	Capital receipts	(9,995)
	Sums set aside from revenue:	
(2)	Direct revenue contributions	(972)
(4,953)	Minimum Revenue Provision	(5,557)
(1,799)	PFI and Finance Lease Repayment	(1,543)
(530)	Ex-Avon debt principal repayment	(509)
(58,510)		**(86,708)**
343,343	**Closing Capital Financing Requirement**	**363,540**
	Explanation of movements in year:	
24,979	Increase /(decrease) in underlying need to borrow (unsupported by government financial assistance)	**20,197**
24,979	**Increase/ (decrease) in Capital Financing Requirement**	**20,197**

31. Leases - the 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 2024 £'000		31 March 2025 £'000
2,441	Not later than one year	1,645
4,998	Later than one year and not later than five years	4,205
5,607	Later than five years	5,293
13,046	**Total**	**11,143**

The minimum lease payments receivable at 31 March 2025 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 2024/25.

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 the West Wing of the Kingswood Civic Centre, which is let and now treated as an 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 2024 £'000		31 March 2025 £'000
4,051	Not later than one year	3,966
11,963	Later than one year and not later than five years	9,957
32,928	Later than five years	37,541
48,942	**Total**	**51,464**

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 2024/25.

Finance Leases

The council has leased out 13 former secondary schools and 39 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 2024 £'000		31 March 2025 £'000
133,184	Unguaranteed residual value of property	149,540
133,184	**Total value of transfers**	**149,540**

Transaction under leases

The authority made the following gains and losses as a lessor during the year

31 March 2024 £'000	**Operating Leases**	31 March 2025 £'000
(7,815)	Total Lease Income	(7,815)

32.Service concession contract

The council has a service concession contract with Suez Recycling and Recovery South Gloucestershire Ltd for an integrated waste management service which has operated since 2000 and ends in July 2025. The contract gives 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 specifies 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) are transferred to the contractor for the duration of the contract. The contractor is obliged to maintain and replace assets throughout the duration of the contract. At the end of the contract all property, plant and equipment transferred to the operator will be returned to the council for nil consideration. The council also has the option to acquire all contractor owned assets at nil cost and to have leased assets assigned or novated to it. The council receives an annual PFI grant toward the cost of the scheme of £3,052k (see Note 28).

Value of Assets under PFI contract

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

Payments

The council makes an agreed payment (or unitary charge) each year which comprises both fixed and variable elements. Variable costs include: disposal, treatment and haulage costs for landfill, thermal treatment, composting and food waste treatment. Fixed costs include staffing, maintenance and fuel etc. together with asset acquisition and replacement throughout the contract. The unitary charge is increased each year by

inflation and allowance is made for additional households in the area. The unitary charge can be reduced if the contractor fails to meet availability and performance standards in any year but can also be increased to reflect over-performance. Payments remaining to be made under the service concession contract at 31 March 2025 (excluding any estimation of inflation and availability/performance deductions) are as follows:

2023/24					2024/25			
Service cost	Reimbursement of capital	Interest	Total		Service cost	Reimbur-sement of capital	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
18,230	1,260	1,118	**20,608**	within 1 year	6,543	339	317	**7,199**
6,476	339	317	**7,132**	within 2-5 years	0	0	0	**0**
24,706	**1,599**	**1,435**	**27,740**		**6,543**	**339**	**317**	**7,199**

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 provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2023/24 £'000		2024/25 £'000
(2,860)	Opening balance	(1,599)
1,261	Repayment	1,261
(1,599)	Closing balance	**(338)**

33.Termination benefits

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

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**

2023/24	No. of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages	Total cost of exit packages in band £'000
£0 – £20,000	13	8	**21**	**120**
£20,001 - £40,000	3	0	**3**	**106**
£40,001 - £60,000	1	0	**1**	**44**
Total	**17**	**8**	**25**	**270**

Of the 2024/25 exit packages, 5 relate to schools staff with exit costs of £28,692 (in 2023/24, 11 related to schools staff with exit costs of £61,251).The majority of 2024/25 exit packages related to services that ceased during the year.

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 be 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 12,648 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 2024/25, the Council paid £9.51 million representing 30% of pensionable pay to the Teachers' Pension Scheme in respect of teachers' retirement benefits (£9.89 million and 23.83% in 2023/24). Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2026 are £13.71m. 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 council is one employer out of 7,823 employers in the NHS Pension Scheme.

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 2024/25, the Council paid £0.11m to the NHS Pension Scheme (£0.10m in 2023/24). The employers' contribution rate was 23.7% of pensionable pay in 2024/25 (20.6% in 2023/24). Expected contributions to the NHS Pension Scheme in the year to 31 March 2026 are £0.12m.

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 Pensions	Total
	Funded	Unfunded	Unfunded	2023/24	Funded	Unfunded	Unfunded	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
Current Service Cost	20,806	0	0	**20,806**	19,356	0	0	**19,356**
Past Service cost	0	0	0	**0**	0	0	0	**0**
Settlements & Curtailments	2,180	0	0	**2,180**	1,837	0	0	**1,837**
Administration Expenses	707	0	0	**707**	693	0	0	**693**
Financing and Investment Income and Expenditure								
Net Interest Cost	3,769	341	888	**4,998**	2,345	318	832	**3,495**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**27,462**	**341**	**888**	**28,691**	**24,231**	**318**	**832**	**25,381**
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)	(25,230)	0	0	**(25,230)**	47,410	0	0	**47,410**
Actuarial (gains) and losses arising on changes in demographic assumptions	(12,527)	(102)	(283)	**(12,912)**	(2,098)	(28)	(123)	**(2,249)**
Actuarial (gains) and losses arising on changes in financial assumptions	(15,381)	(45)	0	**(15,426)**	(129,971)	(392)	(907)	**(131,270)**
Experience (gain)/loss	8,332	65	167	**8,564**	(1,118)	(11)	(51)	**(1,180)**
Impact of pension net asset ceiling	0	0	0	**0**	30,698	0	0	**30,698**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(17,344)**	**259**	**772**	**(16,313)**	**(30,848)**	**(113)**	**(249)**	**(31,210)**
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(27,462)	(341)	(888)	**(28,691)**	(24,231)	(318)	(832)	**(25,381)**
Actual amount charged against the General Fund Balance for pensions in the year								
Employers' contributions payable to scheme	24,538	0	0	**24,538**	22,693	0	0	**22,693**
Retirement benefits payable to pensioners	0	818	1,928	**2,746**	0	831	1,929	**2,760**

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	LGPS Unfunded	Teachers Unfunded	Total 2023/24	LGPS Funded	LGPS Unfunded	Teachers Unfunded	Total 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(931,955)	(6,927)	(17,936)	**(956,818)**	(822,614)	(5,983)	(15,758)	**(844,355)**
Fair value of plan assets	874,130	0	0	**874,130**	848,511	0	0	**848,511**
Effect of net asset ceiling	0	0	0	**0**	(30,698)	0	0	**(30,698)**
Other movements	280	0	0	**280**	280	0	0	**280**
Net liability arising from defined benefit obligation	**(57,545)**	**(6,927)**	**(17,936)**	**(82,408)**	**(4,521)**	**(5,983)**	**(15,758)**	**(26,262)**

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 2023/24 £'000	LGPS Funded £'000	LGPS Unfunded £'000	Teachers Unfunded £'000	Total 2024/25 £'000
Opening fair value of scheme assets	827,868	0	0	**827,868**	874,130	0	0	**874,130**
Interest income	39,682	0	0	**39,682**	42,187	0	0	**42,187**
Remeasurement gains/(loss)	25,230	0	0	**25,230**	(47,410)	0	0	**(47,410)**
Employer contributions	23,477	818	1,928	**26,223**	22,176	831	1,929	**24,936**
Contributions from scheme participants	7,454	0	0	**7,454**	7,618	0	0	**7,618**
Benefits paid	(36,258)	(818)	(1,928)	**(39,004)**	(41,051)	(831)	(1,929)	**(43,811)**
Administration expenses	(707)	0	0	**(707)**	(693)	0	0	**(693)**
Settlements	(12,616)	0	0	**(12,616)**	(8,446)	0	0	**(8,446)**
Closing balance at 31 March	**874,130**	**0**	**0**	**874,130**	**848,511**	**0**	**0**	**848,511**

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

	LGPS Funded	LGPS Unfunded	Teachers Unfunded	Total 2023/24	LGPS Funded	LGPS Unfunded	Teachers Unfunded	Total 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance at 1 April	(926,514)	(7,486)	(19,092)	(953,092)	(931,955)	(6,927)	(17,936)	(956,818)
Current service cost	(20,806)	0	0	(20,806)	(19,356)	0	0	(19,356)
Interest cost	(43,451)	(341)	(888)	(44,680)	(44,532)	(318)	(832)	(45,682)
Contributions from scheme participants	(7,454)	0	0	(7,454)	(7,618)	0	0	(7,618)
Remeasurement (gains) and losses:								
Actuarial gains/losses arising from changes in demographic assumptions	12,527	102	283	12,912	2,098	28	123	2,249
Actuarial gains/losses arising from changes in financial assumptions	15,381	45	0	15,426	129,971	392	907	131,270
Experience gain/loss	(8,332)	(65)	(167)	(8,564)	1,118	11	51	1,180
Benefits paid	36,258	818	1,928	39,004	41,051	831	1,929	43,811
(Gains)/losses on curtailment	(201)	0	0	(201)	(582)	0	0	(582)
Liabilities extinguished on settlements	10,637	0	0	10,637	7,191	0	0	7,191
Closing balance at 31 March	**(931,955)**	**(6,927)**	**(17,936)**	(956,818)	**(822,614)**	**(5,983)**	**(15,758)**	(844,355)

Asset Ceiling

	LGPS Funded	LGPS Unfunded	Teachers Unfunded	Total 2023/24	LGPS Funded	LGPS Unfunded	Teachers Unfunded	Total 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance at 1 April	0	0	0	0	0	0	0	0
Impact of pension net asset ceiling	0	0	0	0	(30,698)	0	0	(30,698)
Closing Balance as at 31 March	0	0	0	0	(30,698)	0	0	(30,698)

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 2024 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 £30.698m 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 2024/25 was £5.223 million (£64.911 million in 2023/24).

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 2025**
					£'000
Equities	UK quoted	0	0	0	0
	Glocal quoted	346,192	0	0	346,192
	Emerging Markets	0	0	0	0
	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**

		Quoted prices in active markets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**31 March 2024**
					£'000
Equities	UK quoted	0	0	0	0
	Global quoted	437,065	0	0	437,065
	Emerging Markets	0	0	0	0
	Sub-total equity				**437,065**
Bonds:	UK Government indexed	201,050	0	0	201,050
	Sterling Corporate Bonds	78,672	0	0	78,672
	Sub-total bonds				**279,722**
Property:	Property Funds	0	45,455	0	45,455
	Sub-total property				**45,455**
Alternatives:	Hedge Funds	0	0	3,497	3,497
	Diversified Growth Funds	0	55,944	0	55,944
	Infrastructure	0	0	64,686	64,686
	Secured Income	0	90,035	0	90,035
	ETFs	874	0	0	874
	Private Debt	0	0	30,595	30,595
	Sub-total alternatives				**245,631**
Cash:	Cash accounts	(133,742)	0	0	(133,742)
Sub-total cash					**(133,742)**
Total Assets		**583,919**	**191,434**	**98,778**	**874,131**

Fair Value Hierarchy of assets

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

	31 March 2025		31 March 2024	
	£'000	%	£'000	%
Quoted prices in active markets (Level 1)	541,350	64%	583,919	67%
Other significant observable inputs (Level 2)	191,763	23%	191,434	22%
Significant unobservable inputs (Level 3)	115,397	13%	98,778	11%
Total	**848,510**	**100%**	**874,131**	**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 2022. The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Teachers Pensions	
	2024/25	2023/24	2024/25	2023/24
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.0	22.0	22.0	22.0
Women	24.1	24.1	24.1	24.1
Longevity at 65 for future pensioners:				
Men	23.2	23.3	n/a	n/a
Women	26.1	25.8	n/a	n/a
Rate of inflation - CPI	2.6%	2.7%	2.7%	2.7%
Rate of increase in salaries	4.1%	4.2%	n/a	n/a
Rate of increase in pensions	2.7%	2.8%	2.8%	2.8%
Rate for discounting scheme liabilities	5.8%	4.9%	5.7%	4.9%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out 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)	(13,193)	21,505
Rate of inflation (increase or decrease by 0.25%)	(24,939)	33,251
Rate of increase in salaries (increase or decrease by 0.25%)	15,808	24,020
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	59,448	(51,136)

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 next 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 2026 are £22.676m. 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 2025.

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 2025, the council has a contingent asset of £31m, 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 DLUHC 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 2024/25 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 2024/25 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 2024/25 was approved by Council on 21st February 2024 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):

	31 March 2025		31 March 2024	
Credit Rating	**Long term £000s**	**Short term £000s**	**Long term £000s**	**Short term £000s**
Unrated local authorities	0	5,006	0	35,658
Total	**0**	**5,006**	**0**	**35,658**
Credit risk not applicable*	23,289	15,400	27,604	5,682
Total investments	**23,289**	**20,406**	**27,604**	**41,340**

* 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 2025, loss allowances related to treasury investments were nil, as all investments were loans to other UK local authorities (2023/24: £nil).

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 £42,980k (£39,287k at 31 March 2024) is past its due date for payment. This past due amount can be analysed as follows:

	31 March 2025 £'000	31 March 2024 £'000
Less than one month	7,321	10,978
One to two months	4,852	3,112
Two to three months	8,788	395
Three to six months	6,827	10,571
More than six months	15,192	14,231
Total	**42,980**	**39,287**

In addition to the trade debtors detailed above, the council has £5.4m of social care debtors at 31 March 2025, which arise when clients are allowed to defer payment for services if they cannot afford to pay immediately. The council initiates a legal charge on their property under S.22 of the Health and Social Services and Social Security Adjudications Act 1983. 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:

Debtor by Service Area	Range of allowances set aside	31 March 2025		31 March 2024	
		Gross receivable	Loss allowance	Gross receivable	Loss allowance
		£'000	£'000	£'000	£'000
People - Adults	1% - 100%	26,084	(4,185)	14,763	(3,473)
People - Children	1% - 100%	2,526	(107)	2,344	(51)
People – Public Health*	1% - 100%	234	0	N/A	N/A
Place	1% - 100%	6,554	(384)	15,261	(199)
Resources & Business Change	1% - 100%	7,582	(406)	6,919	(345)
		42,980	**(5,082)**	**39,287**	**(4,068)**

*Public Health not separately identified in 2023/24

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 2025 is £15k (2024: £439k) and is not subject to further enforcement action.

Credit Risk: Loans, Financial Guarantees and Loan Commitments

At 31 March 2025, 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 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 2025 £'000	Risk exposure 31 March 2025 £'000	Balance Sheet 31 March 2024 £'000	Risk exposure 31 March 2024 £'000
Local charity	Loans at market rates	592	592	607	607
Loans to local companies	Loans at market rates	2,107	2,107	5,695	5,695
TOTAL		**2,699**	**2,699**	**6,302**	**6,302**

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

The Balance Sheet amounts at 31 March 2025 are net of allowances of £406,673 which represents the twelve month expected credit loss on the above loans (31 March 2024: £227,283).

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 2025		31 March 2024	
	Financial liabilities	**Liquid financial assets**	**Financial liabilities**	**Liquid financial assets**
Principal due in:	**£'000**	**£'000**	**£'000**	**£'000**
Less than one year	(34,028)	20,406	(40,856)	41,340
Between one and two years	(10,447)		(787)	
Between two and five years	(1,341)		(1,341)	
Between five and ten years	(2,233)		(2,234)	
Between ten and twenty years	(15,563)		(13,009)	
Between twenty and thirty years	(42,319)		(32,819)	
Between thirty and forty years	(38,500)		(51,000)	
Between forty and fifty years	(8,700)		(8,700)	
	(153,131)	**20,406**	**(150,746)**	**41,340**

UNDISCOUNTED	31 March 2025		31 March 2024	
	Financial liabilities	Liquid financial assets	Financial liabilities	Liquid financial assets
Principal due in:	**£'000**	**£'000**	**£'000**	**£'000**
Less than one year	(38,683)	20,415	(45,615)	41,640
Between one and two years	(15,246)		(5,668)	
Between two and five years	(14,959)		(14,984)	
Between five and ten years	(24,762)		(24,804)	
Between ten and twenty years	(59,170)		(57,157)	
Between twenty and thirty years	(76,087)		(68,082)	
Between thirty and forty years	(44,706)		(59,316)	
Between forty and fifty years	(9,215)		(9,558)	
	(282,828)	**20,415**	**(285,184)**	**41,640**

Note: The financial liabilities above include the Waste PFI liability, see also Note 32. 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 2025 with all other variables held constant, the financial effect would be:

	31 March 2025 £'000	31 March 2024 £'000
Increase in interest payable on variable borrowing (includes all borrowing for less than 1 year)	259	362
Increase in interest receivable on variable rate investments (includes all investments for less than 1 year)	(205)	(296)
Decrease in fair value of investments held at fair value through profit and loss	405	504
Impact on Surplus or Deficit on the Provision of Services	**459**	**570**
Decrease in fair value of fixed rate borrowing (no impact on Surplus or Deficit on Provision of Services or Other Comprehensive Income and Expenditure)	(10,912)	(13,460)
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)	1	54

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 2025 would result in a £254k 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 2025 would result in a £249k 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 £13,769k.

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 (£51,724k) 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 £33,001k and the expenditure recognised of £46,770k is equivalent to the £13,769k decrease in uncommitted and unallocated funds transferred to the earmarked reserve.

The BRP has made the following payments on behalf of the EDF in 2024/25:

To:	**£'000**
Bristol City Council	5,643
North Somerset Council	151
Bath and North East Somerset Council	74
South Gloucestershire Council	3,784
Total	9,652

	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 2024	**(104,402)**	**(65,493)**		
Analysed between:				
Uncommitted cash (Tier 2 incl. contingency)	(3,055)	0		
Uncommitted cash - contingency	(3,471)	(2,176)		
Committed Cash (Tier 2 commitments)	(97,876)	(63,317)		
	(104,402)	(65,493)		
Receipts into Pool in year:				
Growth sums payable by councils into BRP (including interest)	(54,716)	(33,001)	24,416	
Distributions out of the Pool in year				
Tier 1 – no worse off	18,322	8,226		(8,226)
BRP Management Fee	38	9		(35)
EDF Management Fee	75	19		
Tier 2 EDF Funding	9,652	8,143		(3,784)
Tier 3 Demographic and Service pressures	46,865	30,373		(22,322)
Total distributions out of the Pool in year	74,952	46,770		
Funds Held by BRP at 31 March 2025	(84,166)	(51,724)		
Analysed between:				
Uncommitted cash (Tier 2)	(4,292)	0		
Uncommitted cash (contingency)	(4,213)	(2,539)	8,143	
Committed cash (Tier 2 commitments)	(75,661)	(49,185)	442	
Total CRD Business Rates Pool	(84,166)	(51,724)		
Expenditure/ (Revenue) recognised			**33,001**	**(34,367)**
Decrease in funds held		**13,769**	**13,769**	
			46,770	

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 £31,103k, of the total £75,661k committed pool balance. The council itself has recognised revenue income of £34,367k from the BRP and expenditure of £46,770k to the Pool for the year of which £33,001k related to expenditure recognised in the year and £13,769k related to a decrease on the funds held. The expenditure of £46,770k 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.

2023/24 Business Rates	2023/24 Council Tax	2023/24 Total		2024/25 Business Rates	2024/25 Council Tax	2024/25 Total	Note
£'000	£'000	£'000		£'000	£'000	£'000	
0	(222,120)	**(222,120)**	Council Tax receivable	0	(238,258)	**(238,258)**	C2
(156,366)	0	**(156,366)**	Business Rates receivable	(171,447)	0	**(171,447)**	C3
(156,366)	**(222,120)**	**(378,486)**	**Income in year**	**(171,447)**	**(238,258)**	**(409,705)**	
144	(743)	**(599)**	South Gloucestershire Council	7,879	(2,200)	**5,679**	
8	0	**8**	West of England Combined Authority	419	0	**419**	
1	(34)	**(33)**	Avon Fire Authority	84	(104)	**(20)**	
0	(105)	**(105)**	Avon & Somerset Police & Crime Commissioner	0	(334)	**(334)**	
153	(882)	**(729)**	**Apportioned Prior Year Surplus (Deficit)**	8,382	(2,638)	**5,744**	
(156,213)	**(223,002)**	**(379,215)**	**Total Income**	**(163,065)**	**(240,896)**	**(403,961)**	
			Expenditure				
			Precepts, demands and shares				
122,120	187,338	**309,458**	South Gloucestershire Council	129,753	199,167	**328,920**	
6,496	0	**6,496**	West of England Combined Authority	6,902	0	**6,902**	
1,299	8,436	**9,735**	Avon Fire Authority	1,380	8,747	**10,127**	
0	27,071	**27,071**	Avon & Somerset Police & Crime Commissioner	0	28,586	**28,586**	
129,915	222,845	**352,760**		138,035	236,500	**374,535**	
			Charges to the Collection Fund				
1,659	717	**2,376**	Increase/(decrease) in bad debt impairment allowances	274	1,837	**2,111**	
931	1,077	**2,008**	Write-offs of uncollectable amounts	544	1,227	**1,771**	
(4,116)	0	**(4,116)**	Increase/(decrease) in provision for Business Rate appeals	4,432	0	**4,432**	
357	0	**357**	Cost of collection allowance	354	0	**354**	
24,779	0	**24,779**	City Region growth disregard	27,814	0	**27,814**	
762	0	**762**	Renewable Energy cost	795	0	**795**	
0	0	**0**	Transition Protection Payment	0	0	**0**	
24,372	1,794	**26,166**		34,213	3,064	**37,277**	
154,287	**224,639**	**378,926**	**Total Expenditure**	**172,248**	**239,564**	**411,812**	
(1,926)	**1,637**	**(289)**	**(Surplus)/ Deficit for the Year**	**9,183**	**(1,332)**	**7,851**	
(4,427)	1,416	(3,011)	(Surplus)/ Deficit Brought Forward	**(6,354)**	**3,054**	**(3,300)**	
(6,353)	**3,053**	**(3,300)**	**(Surplus)/ Deficit Carried Forward**	**2,829**	**1,722**	**4,551**	**C1**

Notes to the Collection Fund

C1 Apportionment of Fund Balance

2023/24			Apportionment of Fund Balance	2024/25		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
(5,972)	2,550	**(3,422)**	South Gloucestershire Council	2,660	1,450	**4,110**
(318)	0	**(318)**	West of England Combined Authority	141	0	**141**
(63)	119	**56**	Avon Fire Authority	28	64	**92**
0	384	**384**	Avon & Somerset Police & Crime Commissioner	0	208	**208**
(6,353)	**3,053**	**(3,300)**	**Total**	**2,829**	**1,722**	**4,551**

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 2024/25 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-	47	22	25	5/9	14
A	14,431	5,161	9,270	6/9	6,180
B	37,164	6,553	30,611	7/9	23,809
C	30,506	4,006	26,500	8/9	23,556
D	24,243	2,420	21,823	1	21,823
E	13,702	961	12,741	11/9	15,572
F	6,632	358	6,274	13/9	9,062
G	2,206	147	2,059	15/9	3,432
H	201	9	192	2	384
Total	**129,132**	**19,637**	**109,495**		**103,832**
Adjustment to allow for new discounts & single persons allowances					(1,559)
Council Tax Base for 2024/25					**102,273**

C3 Non-Domestic Rateable Value and multiplier

2023/24		2024/25
£347,908,555	Total Non-Domestic Rateable Value at 31 March 2024	
	Total Non-Domestic Rateable Value at 31 March 2025	**384,691,798**
0.512	National Non-Domestic Rate multiplier for the year (standard)	0.546
0.499	National Non-Domestic Rate multiplier for the year (small business)	0.499

South Gloucestershire Council

Delivering for you

Annual governance statement

July 2025

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

40. Introduction

1. The council is required by the Accounts and Audit (England) Regulations 2015 to prepare and publish an Annual Governance Statement, to report publicly on the extent to which we comply with our own Local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year. This statement provides transparency and gives assurance that the council is committed to continuously improve the way in which it functions.

2. In this document the council:
   - Acknowledges its responsibility for ensuring that there is a sound system of governance.
   - Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment.
   - Describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
   - Provides details of how the council has responded to any issues identified in last year's governance statement; and
   - Reports on any key governance matters identified from this review and provides a commitment to addressing them.

3. The Annual Governance Statement (AGS) reports on the governance framework that has been in place for South Gloucestershire Council for the year ended 31st March 2025 and up to the date of the approval of the statements of accounts.

41. Scope of responsibilities

4. South Gloucestershire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded properly, accounted for and used economically, efficiently, and effectively. 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.

5. 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.

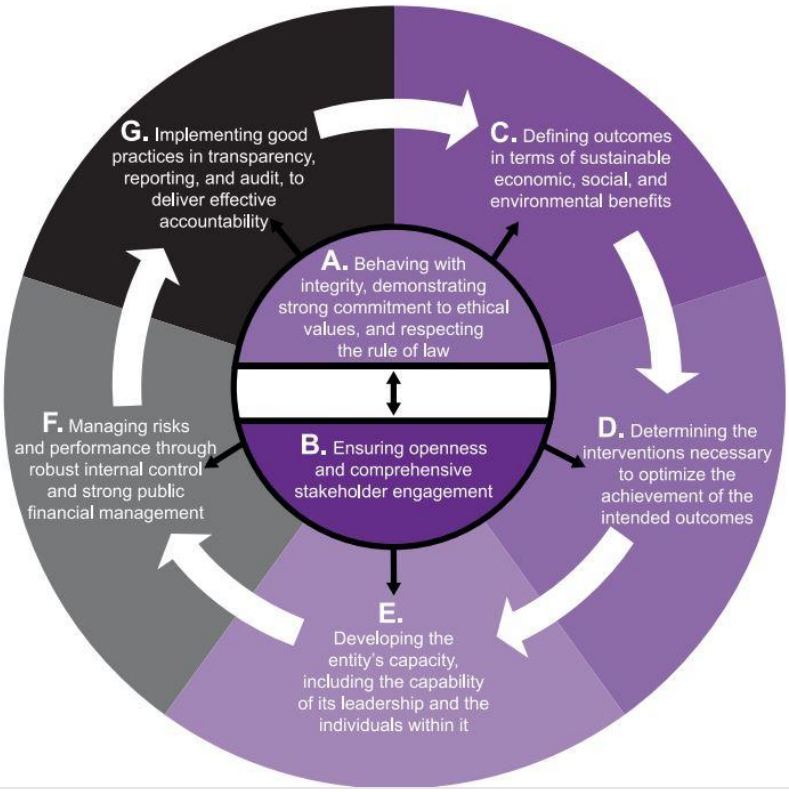
6. South Gloucestershire Council has a Code of Corporate Governance that defines the principles and practices that underpin the governance arrangements operating at the council. The Code is located within the council's Constitution. The Code is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE)

guidance 'Delivering Good Governance in Local Government Framework – 2016 Edition'.

7. In May 2025, CIPFA and SOLACE released the first update to this guidance since 2016. The council has reviewed the May 2025 addendum to the guidance, which covers the annual review of governance and the annual governance statement. We have considered the guidance in preparing this statement in readiness for compliance in 2025/26.

The diagram below provides an overview of the seven principles upon which this AGS and the Code is based:

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



8. More information on how the council demonstrates adherence to these principles is provided in the tables on pages 108 to 122.

43. What is governance?

9. Governance is about how the council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. Good governance leads to effective:
   - Leadership and management
   - Performance and risk management
   - Stewardship of public money; and
   - Public engagement and outcomes for those who work, live, and visit our area.

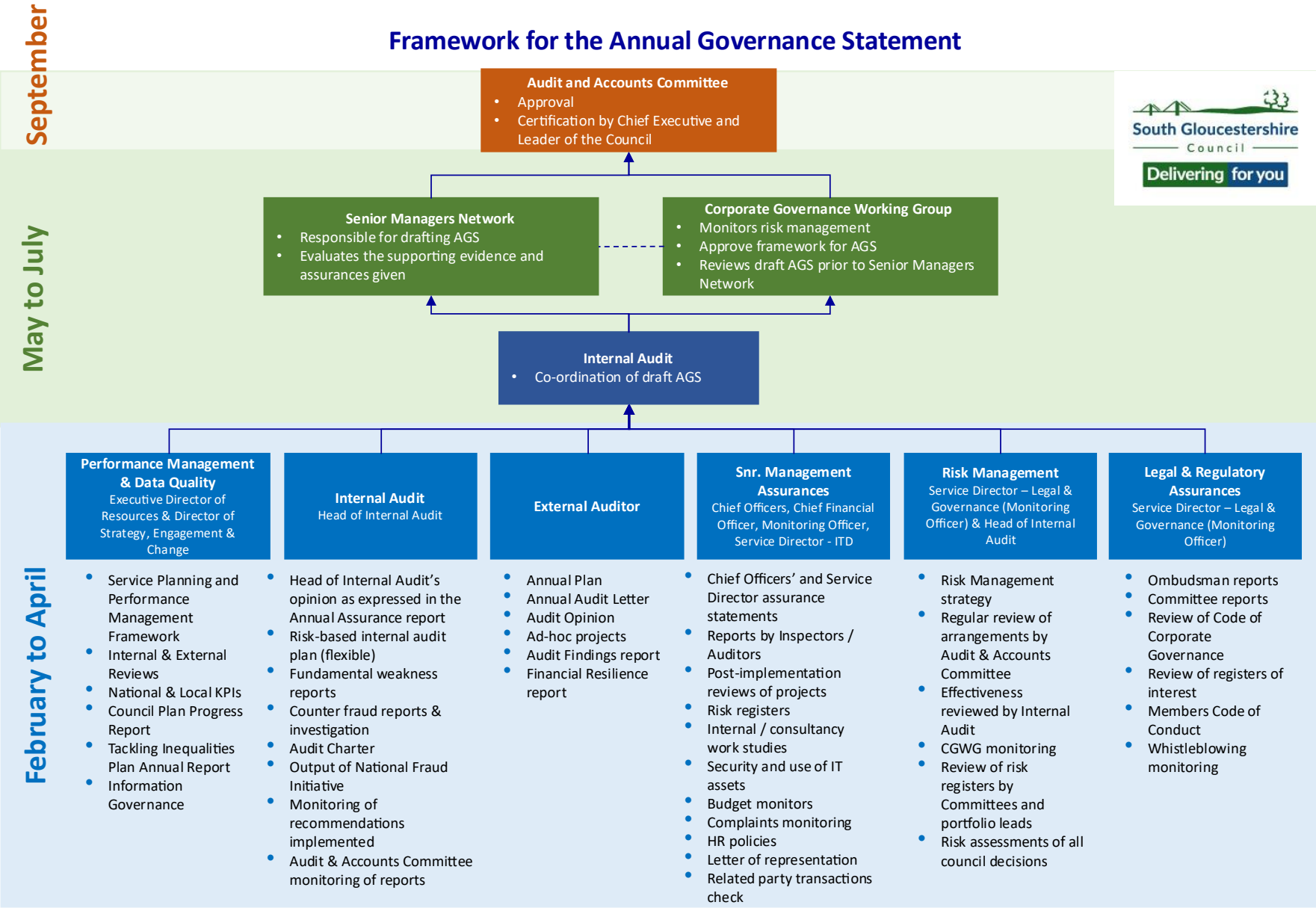
44. How the council knows when our governance arrangements are working

10. The council has several structures in place to demonstrate how it delivers against the core governance principles:
    - Pages 108 to 122 provide more detail on how the council meets each of the core principles in delivering good governance.
    - The council has a governance framework which comprises the culture, values, systems, and processes, by which the council is directed and controlled in its activities (refer to diagram overleaf).

11. 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.

12. The council annually evaluates the effectiveness of its governance arrangements to ensure it supports the delivery of sustainable service outcomes and value for money. Some of the key sources of assurance contributing to the overall framework are:
    - The work of Councillors and Senior Officers of the council who have responsibility for good governance.
    - The Head of Internal Audit's annual audit opinion which provides an independent opinion on the effectiveness of the council's control environment comprising risk management, control, and governance.
    - The work of the Corporate Governance Working Group and their collective oversight of the council's risk management arrangements, including receiving regular operational risk monitoring reports and providing steer on development of risk policy.
    - Any comments made by the council's External Auditors and any other review agencies and inspectorates.
13. However, any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

Framework for the Annual Governance Statement



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

14. The diagrams and tables on pages 105, 106 and 107 provide information on key governance roles and responsibilities and the constitutional structure at South Gloucestershire Council. The council's last district elections were in May 2023, page 107 provides a diagram of the political structure of committees.

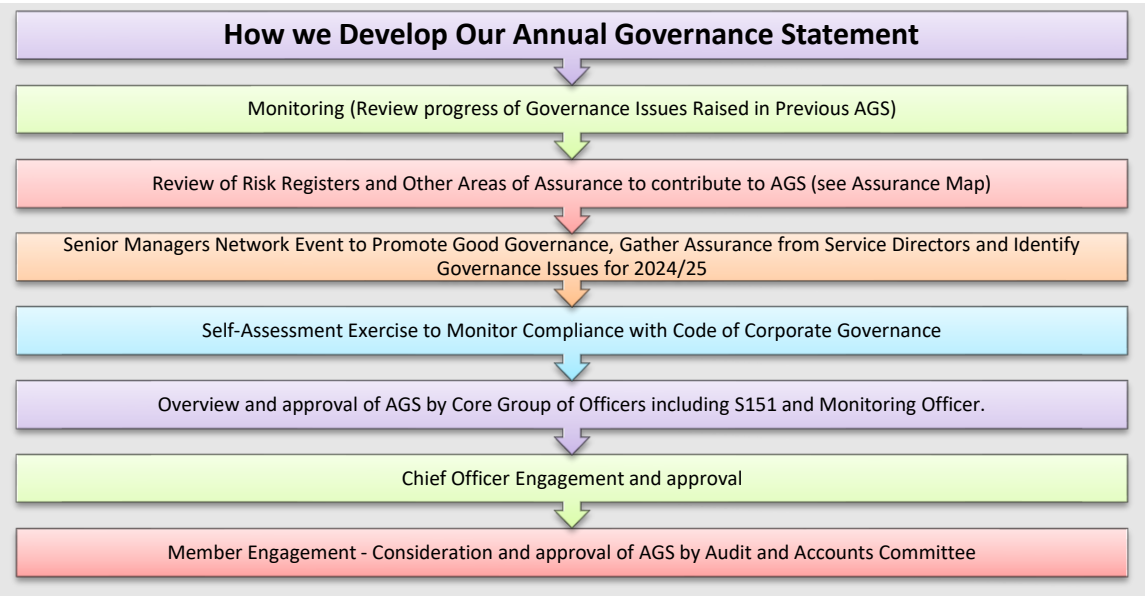
15. The council's constitution sets out: how the council operates; how formal decisions are made; and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people.

45. Annual evaluation of the effectiveness of the governance framework

16. The council is responsible for conducting an annual evaluation of the effectiveness of its governance framework, including its systems of internal control. This work is informed by the work of managers within South Gloucestershire Council who have responsibility for the development and maintenance of the governance environment. After conducting this review, the council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance. This section explains what arrangements were reviewed, and how this assurance was achieved.

17. The evaluation of effectiveness will not only provide assurances over the current governance areas and arrangements but will also identify governance matters to be taken forward and addressed in the following financial year. This approach ensures a process of continuous improvement in governance.

18. There is a comprehensive review and engagement process for the development of the Annual Governance Statement. The diagram below provides an overview:



46. The governance framework – Key roles and responsibilities

The Council • There are 61 Councillors who approve the Council Plan and the Constitution (including standing orders and financial regulations). • They approve key policies and the budgetary framework.
Cabinet • The main decision-making body of the council. • Comprises the Leader and Co-Leader of the council and eight Cabinet members who all have responsibility for portfolios. The Administration is partnership of two political parties, working together to lead the council.
Audit and Accounts Committee • Provides independent assurance to the council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. • Oversees the work of internal audit and regularly reviews to ensure audit is adequately resourced and effective. • Approves the Annual Statements of Account and the Annual Governance Statement.
The Scrutiny Commission • Responsible for overview and scrutiny, and for holding the Executive to account. It ensures that councillors (who are not Executive Members) have a say in council matters by holding inquiries into matters of local concerns. • Inquiries can lead to reports and recommendations which advise the Executive and Council on its policies, budget and service delivery. • Are informed of and empowered to review forthcoming executive decisions and policy. • The Scrutiny commission is responsible for setting their own work programme and where a decision is called in by any five members, they can review the decision and recommend whether it is reconsidered.
The Strategic Leadership Team • Implements the policy and the budgetary framework set by the council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues. • Oversees the strategic implementation of council policy. • Sets the corporate culture, encouraging the highest ethical standards and integrity.
The Chief Financial Officer • Accountability for developing and maintaining the council's governance, risk, and control framework. • Statutory reporting duties in respect of unlawful and financially imprudent decision making, ensuring compliance with CIPFA Statement on the Role of the Chief Financial Officer in Local Government. • Contribute to the effective corporate management and governance of the council.
The Monitoring Officer • Responsibility for ensuring the proper and lawful conduct of the council's affairs and statutory reporting duties in respect of unlawful decision making and maladministration. • Advises members on the interpretation of the Code of Conduct for Members and Co-opted Members. • Oversees and reviews the registers of interest for staff and members, and the registers of gifts and hospitality.
Service Director – Human Resources • Overall responsibility for the maintenance and operation of the Whistle-blowing procedure and how this contributes to effective corporate governance.

Internal Audit • Provides independent assurance and an annual opinion on the adequacy and effectiveness of the council's governance, risk management and control framework. • Delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity. • Makes recommendations for improvements in the management of risk.
External Audit • Audit/review and report on the council's financial statements (including the Annual Governance Statement) providing an opinion on the accounts and use of resources. • Conducts a value for money review to provide an opinion on how well the council uses its resources to secure economy, efficiency and effectiveness.
Managers • Responsible for developing, maintaining, and implementing the council's governance, risk and control framework. • Contribute to the effective corporate management and governance of the council.

47. Assessment of compliance with the financial management code (FM Code)

19. Internal Audit have undertaken a review of the council's compliance with the FM Code. This work was undertaken in consultation with Finance Managers and the Chief Financial Officer.
20. Internal audit concluded that the council is, for the most part compliant with the CIPFA Financial Management Code.

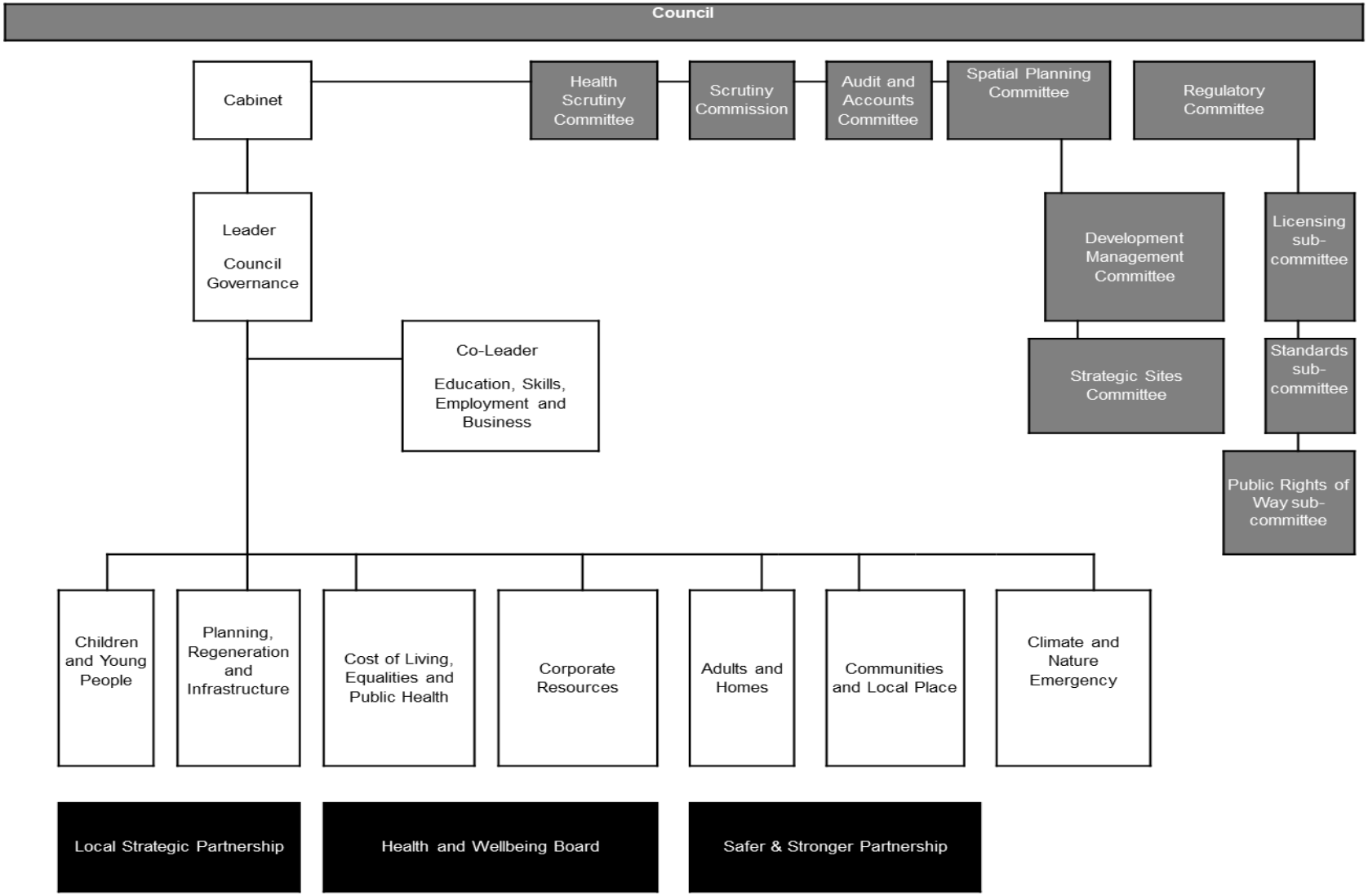
48. External auditor's review of the effectiveness of governance arrangements

21. The external auditors Annual Audit report for 2024 confirmed that the financial statements gave a true and fair view of the council's financial position. The 2023/24 value for money assessment has been concluded and was reported to Audit and Accounts Committee in November 2024 and finalised with the financial statements in December 2024.

49. Internal audit annual opinion 2024/25

22. 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 the Public Sector Internal Audit Standards (PSIAS).
23. 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 2024/25.
24. The internal audit plan was presented to committee in July and November 2024. 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 constitutional structure (Post May 2023)



Compliance with the good governance core principles

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Supporting Principles:

Behaving with integrity

The council has 'Our People' Strategy, where we set out commitments to our employees in key areas. This includes reference to 'WECARE' – The council's values:

The Chief Executive and his Strategic Leadership Team meet regularly to steer the organisation's activity. The council's values provide guiding principles which define how the council works with each other and the community. The values define what the council stands for and sets aspirations central to achieving the vision for residents and communities, ensuring a fairer, greener future for South Gloucestershire. The values are as follows:

- Working Together.
- Equality Focused.
- Committed to our Communities.
- Ambitious and Adaptable.
- Resourceful.
- Encouraging Responsible Growth.

There is a behaviours framework to support the Values. Arrangements are in place to ensure that members and officers are not influenced in any way when dealing with decisions and stakeholders. These arrangements include:

The council has codes of conduct which require staff and elected members to declare any interests, registers of gifts and hospitality, requirements to make specific declarations of interests at formal meetings and provide details of related party transactions, where relevant.

Demonstrating strong commitment to ethical values

The council has a Code of Conduct for elected and co-opted members, it forms part of the Constitution of the council and is a requirement of the Localism Act 2011.

Constitution Containing Member Code of Conduct & Member Officer Protocol

The council's Monitoring Officer has set out a process for receiving and reviewing complaints made by any persons about elected and co-opted councillors of South Gloucestershire Council and all parish and town councils within the district (Complain about a councillor | BETA - South Gloucestershire Council). Through this process the Monitoring Officer (in conjunction with the council's Independent Person) assesses the complaints and determines if they require investigation. A hearing of the Standards Sub-committee will be convened to consider serious identified breaches of the council's Code of Conduct for Members. A summary of all complaints received by the Monitoring Officer is reported annually to the Regulatory Committee.

The council has a Members Planning Code of Good Practice and a Member and Officer Protocol, these documents are contained in the council's constitution.

The council has a Code of Conduct for Employees which sets out the professional standards required of all employees, including the ethical values of equality, political neutrality in the workplace, disclosure of information and ethical and sensible use of resources.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
Supporting Principles:
The Code of Conduct for Members sets out the relevant legal requirements for the disclosure of pecuniary interests as well as setting out guidance on disclosure of conflicts of interest. For officers requirements to declare gifts and hospitality and consider conflicts of interest are set out in the Code of Conduct for Employees. Officers and Councillors are required to disclose, regularly review and up-date any conflicts of interest which may impact on their ability to discharge their duties, and these disclosures are maintained in a register. All council agendas have a specific item whereby the Chair of the meeting asks councillors whether they have any conflicts of interest in the business about to be transacted. The council has a Partnership Governance Framework, which sets out how the council will work with partners to form effective relationships.
Respecting the rule of law The council only acts within the statutory and regulatory framework set out by Parliament and Government. In accordance with the provisions of the Local Government Act 1972 and the Local Government and Housing Act 1989 the council appoints Statutory Officers who have the skills, resources, and support necessary to ensure the council's duties are complied with. South Gloucestershire Council has agreed a constitution which sets out how the council operates, how decisions are made and the procedures which are followed. The council operates a Leader / Cabinet model of governance; in accordance with legislation the Cabinet (Executive) is held to account by the council's Scrutiny Commission (Overview and Scrutiny Committee). The council also discharges its statutory responsibility for the oversight of the provision of health services through its Health Scrutiny Committee. Appropriate joint health scrutiny arrangements are used when it is necessary to consider the functions of the BNSSG Integrated Care Board (as this is a cross local authority boundary body). The council has a Regulatory Committee (which separately discharges Licensing functions). The Spatial Planning Committee provides oversight of decision making on planning matters. These committees discharge key legal duties which do not fall within the remit of Cabinet. Roles and responsibilities are defined in the table (The governance framework – key roles and responsibilities) on page 105. The council promotes its values and priorities to the full benefit of all those who live and work in South Gloucestershire; the council utilises a range of legal powers to support its activities including (amongst other powers) the General Power of Competence (section 1 of the Localism Act 2011).

B. Ensuring openness and comprehensive stakeholder engagement.
Supporting Principles:
Ensuring openness The council's website is set out in a clear and easily accessible way, using plain language and having links to commonly accessed areas. Usually, members of the public may attend all formal meetings, have access to the Agenda and Reports before the meeting and access to the Minutes after the meeting. Cabinet Member decisions and significant officer decisions are reported on the council website.

B. Ensuring openness and comprehensive stakeholder engagement.
Supporting Principles:
The council livestreams (so far as is permissible by law) its meetings. This is to ensure openness and transparency of decision making and helps to encourage wider participation in the democratic process. In addition to its statutory obligations to publish agendas, reports, and minutes of meetings, the council also publishes 'webcasts' on its website to further enable public scrutiny. The council publishes data in accordance with the Local Government Transparency Code, which encourages an increase in democratic accountability and makes it easier for individuals to contribute to local decision making. Through the community conversations work the council has been piloting new and widened approaches to deliver consultations and enabling communities and partners to feed into decisions. The council has also brought together its Community Engagement, Partnerships and Insights functions within the Strategy, Engagement and Change Directorate to support the principles of openness and two-way communication. During the last year the council has also invested in developing the information, advice and guidance web pages in response to community and partner feedback.
Engaging comprehensively with institutional stakeholders The council is a key partner to the West of England Combined Authority (WECA). The Combined Authority has sub-regional responsibilities around transport, infrastructure, and adult education. A positive relationship between stakeholders will unlock funding and enable collective and joined up planning of the region. The South Gloucestershire Local Strategic Partnership (LSP) brings together organisations to work with the community to identify and tackle key issues in a more co-ordinated way, which enables both strategic decisions and local action. Members of the partnership are made up from voluntary and community groups, local businesses, the council and other public sector agencies. The activities of the LSP are reviewed each year by the LSP Board. The Cabinet agreed to a set of Community Conversations principles in October 2023 and there is an active working group to ensure that these principles are put into practice. The principles commit the council to engaging in a transparent, honest, and two-way process using the intelligence from this to help shape and improve services. More formally the council conducts community engagement through a range of community forums and has recently agreed to pilot area committees, building on the community conversations principles which is part of widening the scope of how it engages with its residents, and in response to the feedback received from residents. It is working hard to offer a route into communities from different backgrounds to ensure all voices are heard. The South Gloucestershire Compact and the Town and Parish Council Charters have both been revised in partnership and subsequently adopted by the council's Cabinet in October 2023. In positive recognition of the strong partnership work both documents reflect a mature relationship and behaviours-based partnership rather than a 'set of rules' to follow. The council is taking an Asset Based Community Development approach, seeking to identify and support community assets across the area. These are being built on through the Keep it Local partnership group and a series of visioning workshops with Town and Parish Councils.
South Gloucestershire Council is one of three Local Authority founder members of the Bristol, North Somerset, and South Gloucestershire Integrated Care System. Our Health and Wellbeing Board provides a forum where political, clinical, professional and community leaders from across the health and care system in South Gloucestershire, come together to improve the health and wellbeing of the local population (including children and young people and vulnerable adults) and reduce health inequalities, ensuring a strong focus on establishing 'place'.

B. Ensuring openness and comprehensive stakeholder engagement.
Supporting Principles:
Members and Officers provide leadership across our health and care system to promote greater integration and partnership between the NHS (South Gloucestershire Locality Partnership (LP), the Bristol, North Somerset, and South Gloucestershire (BNSSG) Integrated Care Board (ICB) and Integrated Care Partnership (ICP), local authority and wider partner organisations, paying regard to and challenging partners to work collaboratively and agree joint areas of focus. The Health and Wellbeing Board Chair chairs the BNSSG Integrated Care Partnership Board in rotation with the other LA HWBBs and the LA Chief Executive is a member of the Integrated Care Board. As an Integrated Care Partnership we have set out plans for improving health in our Integrated Care System Strategy – BNSSG Healthier Together. This document has been developed with input from the South Gloucestershire Health and Wellbeing Board, Joint Strategic Needs Assessment and many people and partners. We believe there are five opportunities for us to focus on over the coming years to help everyone to start well, live, age well and die well. This will help us to realise the better health and wellbeing and improved services our local population deserve. They are: • Tackling inequalities • Strengthening building blocks • Prevention and early intervention • Healthy behaviours • Strategic prioritisation of key conditions. These priorities are reflected in council priorities and plans as well as the Joint Health and Wellbeing Strategy.
Engaging stakeholders effectively, including individual citizens and service users The council makes use of its website, social media, traditional media, and offline methods to engage with citizens and service users. Residents can sign up to several council email newsletters to get the latest council information and follow us on social media. The Council Plan priority 'We will support wellbeing and independence in our communities" states that "We must respond to the continually growing need in our communities by building on their strengths of our communities and by removing the social barriers that get in the way of people living their lives to the full. The council must also address this need through our mainstream services. By creating conditions in which more older people can live independently in their own homes, and in which both young and old play an active role in community life, the council can support intergenerational and integrated communities that support everyone's physical and mental wellbeing." The council aims to give the best possible information, advice, and guidance to support themselves and their families and has invested in improving the information, advice and guidance pages in response to community feedback. The findings of the recent Community Conversations research project are being used to redesign services and improve our processes to help communities better understand how they can connect with each other, and with us, to get better outcomes locally with the council adopting a community conversations (engagement and participation) strategy. Through the community conversations approach all Service Directors and services are being trained on the principles and how to make the most effective use of feedback. The council actively encourages residents to 'Have Your Say' on current issues by taking part in engagement and consultation exercises. There is an increasing focus on offering as wide a range of response methods as possible to help residents from all different backgrounds to share their views and influence change. Residents and partners give

B. Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles:

feedback by filling in surveys, participating in face-to-face events, talking to our staff at the point of service use, participating in online engagement conversations, taking part in focus groups, and joining our Viewpoint citizen's panel. Residents can look at current and past consultation and engagement activities online and see the results of these. The council is introducing an online engagement portal which will offer even more opportunity to give views on our work and proposed changes. Residents are encouraged to take part in the budget consultation each year. The annual financial statements provide a summary of council performance.

The council has recently reviewed their Complaints Policy, and it is published to ensure that residents and service users are able to raise complaints easily and effectively and ensure that the Council responds promptly and fairly. This helps ensure that the Council's services meet the needs of residents and supports a culture of using residents' feedback to improve how we deliver services.

The council is also proposing to introduce area committees during 2025-26 to support improved community and stakeholder engagement. As part of this process detailed work is being undertaken on how to most effectively work with Town and Parish Councils and the VCSE sector.

Work is also being undertaken to review both the Local Strategic Partnership and the Safer, Stronger Communities Strategic Partnership.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Supporting Principles:

Defining Outcomes

The council approved a new Council Plan in May 2024. The new core priorities are:

1. Respond to the climate and nature emergency.
2. Help reduce inequalities.
3. Support children and young people to thrive.
4. Support wellbeing and independence.

South Gloucestershire Council is working towards a fairer, greener future, building better places. It is people focussed, open, informed, innovative and collaborative.

The Sustainable Community Strategy sets out the shared vision and key priorities for the future of the area. The South Gloucestershire Local Strategic Partnership uses this strategy to identify and be responsive to local needs, supporting efforts to work more efficiently together for the benefit of the people of South Gloucestershire. During 2025/26 a review of the Local Strategic Partnership and the Sustainable Community Strategy will be undertaken.

Recognising the contribution to sustainable economic, social, and environmental benefits that stem from the spectrum of council services and activities, in April 2023 the council introduced a version of the Cornwall decision making wheel which seeks to identify and quantify a range of sustainability metrics. The purpose of the Climate Change Decision Wheel is:

- To influence project planning and delivery at the start of the project and programme process.
- To minimise negative impacts on climate and nature and provide benefits which align with council objectives.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
Supporting Principles:
• To provide greater visibility and transparency to decision makers and the public. • To reduce the impact on climate and nature; projects that align with council values. • To increase staff knowledge of how to consider and apply thinking on climate and nature in projects. • To identify projects with long term negative impacts on climate and nature that cannot be sufficiently mitigated and ensure they are flagged at an early stage to project managers. A balanced budget has been set for the next two years through the deployment of one-off Financial Risk Reserves allocated to support the council's budget. A balance of £13.3m of this remains available to support key risks or to support the 2027/28 deficit (£12.9m), leaving an £11.2m deficit in 2028/29. The council will need to source around £12m of new savings by 2028/29 based on current projections of demand for services, pay and price inflation. These estimates are after the assumed implementation and delivery of the savings programme and service level options which remain the backbone of the Medium-Term Financial Plan (MTFP). The council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. Through the Resource Planning process, known demand changes and deliverable savings have been developed and considered, underlying spend profiles considered by departments, and appropriate projections of future budgetary requirements, including demographic and price growth have been undertaken based on the latest available information and intelligence. Political and officer support has been given during the year to Resource Planning and the Financial Strategy continues this as an ongoing process to maintain the council's financial sustainability, drive value for money and protect the services most valued by residents. The equalities impact assessment details the range of inequalities and how our communities are impacted by these and the decisions that are having to be taken due to the financial climate. These are being considered as part of the MTFP process and through the service investments which align with the priorities in the Tackling Inequalities Plan. The proposals also take into consideration the views of our communities and partners. The budget was informed by a budget consultation and additional engagement activities in line with the council's approach to Community Conversations. An agreement with the Department for Education (DfE) under the Safety Valve negotiations for Dedicated Schools Grant deficits was reached in 2021/22 resulting in £25m of funding from the DfE over 4 years with £10.5m received in March 2022. The council has continued to develop and deliver the Deficit Recovery Plan for the Safety Valve agreement, and a key development completed this year is full implementation of the new banding system across all mainstream schools. The council has met with DfE officials on several occasions sharing progress against the plan, amendments to the plan and issues that would benefit from the DfE's support to improve the deficit recovery, including the need for extra capital to expand local SEND provision.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Supporting Principles:

Sustainable economic, social, and environmental benefits

South Gloucestershire Council works for all parts of every community. The council's aim is to: encourage mutual respect for all residents; recognise and work with every diverse group; give high quality inclusive services and facilities; make sure our employment policies and practices are fair and challenge harassment and discrimination.

The council has a comprehensive Equality Framework in place which sets out governance arrangements from the most senior levels as well as responsibilities across all levels of the workforce.

The council has identified 'reducing inequalities' as a core component of the new Council Plan. Supporting this, the council has adopted a new Tackling Inequalities Plan focussed on delivering outcomes for our communities and staff. A governance group has been created to monitor progress against the Council Plan and the Tackling Inequalities Plan. In addition, the group will monitor 'Business as Usual' Equality Impact Assessment and Analyses (EqIAAs) progress and Equality Impact Assessment and Analysis (EqIAA) work as part of all reports (whether they be decision or information reports).

As a result of the Peer Review and an internal audit of equalities, an action plan has been developed which contains actions focussed on enabling the delivery of the objectives set out in the Tackling Inequalities Plan. This action plan will also be monitored by the new governance group.

In July 2019, the council declared a climate emergency recognising that urgent action needs to be taken to reduce the area's carbon emissions and to adapt to the changing climate. Following the declaration, a new climate emergency strategy was produced along with annual action plans which are revised, and both internally and externally scrutinised each year. The action plans bring together corporate activity addressing both mitigation and climate resilience. The year 5 Climate Emergency Action Plan has been updated with SMART targets that consider capacity and funding constraints, whilst still being ambitious. For year 5, a new Green Infrastructure and Nature Recovery Action plan was reported alongside the annual climate report with an assessment of progress made in the last 12 months. For year 6, the Council submitted its first Adaptation Reporting Power (ARP4) report to DEFRA, and in doing so formalised its approach to managing adaptation and associated risk assessment across the authority.

While the council's direct and indirect emissions (scope 1,2 and 3) only contribute to 6.5% of area wide emissions, it is estimated that it has influence over 40% through planning, transport, and waste. Reductions in scope 1 and 2 Co2e emissions from council operations are targeted at 10% per year which has not been met since the return to post covid operations, however, further investment in renewable generation is due to take place, particularly PV. Recognising that the annual 10% target for scope 1 and 2 emissions each year was fixed in 2019 and it does not take in to account previous years underperformance, new annual targets will be applied in future years. In 2023/24 it is estimated that 92% of the council's emissions are related to the supply of goods and services (scope 3) with only 8% coming from the operational use of fuels and electricity (scope 1 and 2). For the council to achieve carbon neutrality by 2030, scope 3 emissions will need to be addressed.

In 2023 the Council commissioned the University of the West of England in its role as the South Gloucestershire Climate Emergency University Advisory Group, to produce a Plan to 2030 research report which looks at the likely remaining carbon emissions in the area by 2030 (400 - 500k tonnes Co2e down from 1.1 million tonnes in 2022) when both the maximum possible national and local interventions have been applied. It makes recommendations about what we should focus on delivering for maximum impact between now and 2030 and nudges towards more 'disruptive' interventions required to stay on track. The report has been used to inform the development of the council's Year 5 Climate Emergency Action Plan 2024/25. Two such 'disruptive' interventions relate to the 'Heat from mines' project which has the potential to decarbonise heat and cooling in up to 25,000 existing homes, and the council's work with Ernst Young to decarbonise its scope 3 supply chain.

As the Council is now over halfway towards its 2030 target of carbon neutrality following the declaration of a climate and nature emergency in 2019, in 2026 the intention is to consider if this target remains the appropriate way to drive carbon savings, adapt to a changing climate and support nature's recovery.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Supporting Principles:

In waste and recycling services, this year has seen an improvement in performance following last year's strike action, with recycling rates returning to previous levels. In addition, the amount of waste sent to landfill this year has seen a 50% reduction in volume on the previous year. This year has also seen the successful tendering and award of a new waste collection contract. The new contract will help to ensure that South Gloucestershire remains one of the best performing councils in England for recycling waste and with the planned service developments should see this improve over the duration of the new contract.

The West of England Combined Authority (WECA), as well as being empowered to make more decisions locally on areas such as transport, housing, and skills, also works with partners including the West of England Local Enterprise Partnership, North Somerset Council, and others, to deliver economic growth for the wider region.

South Gloucestershire Council is committed to making our spending decisions in a way that delivers both value for money on a whole life cycle basis, and achieves wider economic, social, and environmental benefits.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Supporting Principles:

Determining interventions

The council informs key decision makers in various ways, including reports to Councillors; statutory reporting to external bodies and other agencies; management and financial reports and performance management system data. It regularly considers organisational health dashboards setting out key performance metrics, and risk and assurance-based work undertaken by Internal Audit and their resultant reports. All of this ensures council decision makers receive accurate, relevant, and timely evidenced-based information on which to make decisions.

The delegation of some defined day to day decision making (defined in the constitution) to Officers, and the referral to Cabinet or Executive Member for those matters requiring Members' Decisions that can be made without requiring approval at Full Council, enables more prompt decision making.

South Gloucestershire Council's Performance Management System enables the council and its committees to receive timely and accurate performance information about service delivery. This enables prompt intervention to take place to address any barriers to good performance.

Local strategy and the planning and commissioning of health and care services is informed by intelligence from our local Joint Strategic Needs Assessment which provides evidence of local health and wellbeing needs and assets, including the views of the community. This means that interventions and services are planned to meet local needs.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
Supporting Principles:
Planning interventions The council plans its activity at a strategic level through its budget and business planning cycle and it does so in consultation with internal and external stakeholders. Occasionally staff are asked to complete internal questionnaires to help gain feedback on an existing situation and help shape plans. Neighbourhood planning gives communities the power to develop a vision of their neighbourhood. It enables them to contribute to the development and growth of their area. It also ensures that the desire of the neighbourhood is aligned with the overall needs and priorities of the wider local area. The council's Statement of Community Involvement (SCI) explains how everyone can be involved in the preparation of new planning policy documents and in consultation on planning applications. The Council carries out surveys of residents of new strategic development to see whether its planning policy objectives for our new communities are being achieved on the ground. South Gloucestershire Council has a commitment to restore and enhance the natural environment for the benefit of all residents and businesses in the area. The council has an officer and member protocol for planning decisions.
Optimising achievement of intended outcomes The council integrates and balances service priorities, affordability, and other resource constraints, supporting it to consider the full cost of operations over the medium and longer term. This includes both revenue and capital expenditure budgets. A medium-term financial plan is developed. The financial plans demonstrate how the council's financial resources will be deployed over the next four years to deliver aims and priorities. The council takes into consideration social value when procuring essential goods and services with a Target Operating Model for Social Value agreed and implemented during 2021/22. This work is closely linked with the council's Keep it Local program and the overriding aim of the Council Plan to reduce the inequality gap. The Tackling Inequalities Plan 2024-2028 has been completed and includes references to social value.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Supporting Principles:
Developing the organisation's capacity The council participates in relevant benchmarking exercises to help inform how resources should be allocated. In November 2023 the council was subject to a corporate peer challenge, organised by the Local Government Association. This involved a weeklong visit by an external team of councillors and senior officers from other local authorities. The final report was published and praises the council's track record of effective financial management, the positive relationships between councillors and officers and the strong culture of collaboration. It also highlights areas where the council can deliver further improvements.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Supporting Principles:
In recognition of the important role of Strategy, Engagement and Change within the council, we have re-organised and created this Division, with a Director leading and shaping our approach, working collaboratively with leaders across all our departments. We are launching 'Our People' Strategy, which outlines our strategic people aims, values, behaviours, commitments and measures. The council undertakes significant work to review capacity and prioritise expenditure as part the resource allocation work, which has been ongoing annually since 2021. We continue to invest in ITD capacity, recognising the growing risks associated with this area of the council's business and service reliance. The council has a comprehensive learning and development offering for all staff and other key partner organisations. This includes a range of resources including training programmes, online eLearning courses, coaching and mentoring and on the job tools.
Developing the capability of the council's leadership The council's constitution defines the statutory and distinctive leadership roles of the Leader of the Council, the Chief Executive, and other Statutory Posts. Elected Members and Senior Officers have their own respective Codes of Conduct to adhere to. Members undergo an induction process post-election. Members have their own section of the Intranet specific to their own roles and responsibilities and mentoring opportunities where needed. The Members pages include a section on Learning & Development with links to the Councillor Development Group, Personal Development Interviews, Skills Framework, Learning Resources, E-learning, Self-Study Courses, and a link to the Local Government Association website. We have specific induction modules for leaders and our online Management and Leadership Development brochure highlights all training courses and self-study available to managers and aspiring managers within the council. This is mapped by management level and highlights development, coaching and apprenticeship opportunities that are available.
Developing the capability of our staff The council has a comprehensive development and supervision offering for staff. This commences from appointment, with a corporate induction and access to e-modules and other training courses. Staff must have regular supervision, and an annual PDPR (Personal Development Performance Review) plus follow up. Staff receive regular updates on new initiatives by email, on the intranet, via a staff newsletter (Snapshot) and a staff briefing that managers deliver to their teams. There is a whole section of the council's intranet dedicated to HR (My HR). These pages explain all the above processes plus provide more information such as essential staff policies and helpful links to coaching, mentoring, and other services. The pages also provide a link to the online Learning and Development Portal. The council places a high priority on the wellbeing of its staff. There are pages on the council intranet devoted to wellbeing alongside the appointment of a Wellbeing Co-ordinator and associated internal communications. There is a package of support available for staff to access and the council promotes this offering via Mental Health Champions and regular communications. The council recognises that inequality gaps exist throughout employment and is committed to improving diversity and reducing inequalities for all. It has developed a workforce equalities action plan to address issues and deliver an inclusive and supportive workplace that enables us to deliver better services.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Supporting Principles:
The council employs a representative number of people in comparison to our local population in relation to those with a disability (6.4%). It has a significantly higher proportion of staff reporting as being from an ethnic minority group compared to the local population (15.7% compared to 8.8%). It has around double the number of staff who identify as LGBTQ+ (4.9% employed vs South Glos population 2.8%). The council's workforce is over-represented in relation to female staff (69% compared to 50.5% in the local population).

F. Managing risks and performance through robust internal control and strong public financial management.
Supporting Principles
Managing risks The Corporate Governance Working Group which comprises key officers charged with co-ordinating governance of the council, discuss emerging governance areas and oversee the council's risk management arrangements. The council has an approach to risk management which has been approved by Cabinet. The risk register is scored 5x5 for impact and likelihood and risk descriptions improve consistency of scoring. The risk registers include information on inherent risks and the associated mitigating controls to treat, terminate, tolerate, or transfer any residual risk. Each risk will have an assigned owner and a date to review progress of the mitigation. The Head of Internal Audit co-ordinates the Council's Risk Registers and maintains the risk management strategy. A project is underway to introduce risk appetite more fully. Some small changes were made to the council's approach to risk management to enhance the effectiveness of the process and improve reporting. The Council's Organisation Risk Register has been comprehensively reviewed with significant input from all Service Directors of the Council. Work is underway to comprehensively review the Council's Departmental Risk Registers. Risk management is an integral component of business continuity planning and emergency management. The Health & Safety Team provide Corporate Health and Safety guidance, including corporate oversight of maintained schools. The Council has established a Health and Safety Governance Board to oversee the assurance of Health and Safety Practice. The main principles of the council's Health & Safety policy are that: the people responsible for managing and carrying out the work are also responsible for making sure it is safe; senior management have ultimate responsibility for safety, but everyone has a part to play. Standards are high and control measures are proportionate to the level of risk.
Managing performance Ensuring we are an organisation that makes evidence-based decisions is a key enabling element of our Council Plan. To support this, we have refreshed our Service Planning approach across departments, ensuring that all services have their own service plan which is updated annually. These plans detail specific service priorities aligned to overall council service delivery and community needs and priorities, with clear outcome measures. Alongside this, we have also refreshed our performance management approach across all departments and at strategic leadership level. This approach includes the introduction of a new Performance Management Framework for the year ahead which brings together reporting across key council plans, transformation programmes, and Key Performance Indicators (KPIs). The framework is based on best practice nationally. Some council services are subject to statutory national Key Performance Indicators (KPIs) and work continues to ensure strong data quality and analysis to support these reporting requirements including the embedding of Power BI as the standard reporting and analysis platform.

F. Managing risks and performance through robust internal control and strong public financial management.
Supporting Principles
The council has a Contract Management Framework which sets out a centrally led and consistent framework for Contract Management activities across South Gloucestershire Council, which draws upon existing good practice and national guidance. Contractual documentation will contain key performance measures expected of them to deliver services, and monitoring will take place to ensure this happens in practice. A contract management training programme has been rolled out across the organisation.
Effective overview and scrutiny The Scrutiny Commission holds Executive decision makers to account and plays a key role in ensuring that public services are delivered in the way residents need. The Scrutiny Commission is politically proportionate and is chaired by a member of the (majority) opposition group on the Council. The Commission sets its own work plan; all agenda, reports and meeting minutes (as well as meeting webcasts) are published.
Robust internal control The council has robust internal control processes in place, which support the achievement of its objectives while managing risks. The council's approach is set out in detail in the Internal Audit Plan. The council has an Audit and Accounts Committee. The Committee provides an independent high-level resource to support good governance and strong financial management. The Committee's Terms of Reference includes an Anti-Fraud remit, specifically: to be the custodian of the council's anti-fraud, corruption, and bribery policy and to develop and monitor procedures and protocols on this matter; to consider any significant issues in relation to detected fraud or corruption within the council; to consider the results from the biennial National Fraud Initiative and receive an annual report on counter fraud activity. The council has an Anti-Fraud, Corruption and Bribery Policy which sets out the council's zero tolerance commitment to tackling fraud, bribery, and corruption. The council also has an Anti-Money Laundering Policy and a Whistle-Blowing policy. An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the council's Head of Internal Audit in the opinion section of this Annual Governance Statement.
Managing data The processing of personal data is essential to many of the services and functions carried out by local authorities. The council complies with data protection legislation, which includes GDPR (General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This compliance ensures that such processing is carried out fairly, lawfully, and transparently. The council reviews and supplements its policies, and keeps its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued by the Information Commissioner's Office. Each year the council completes an Information Governance and Data Security and Protection Toolkit to meet NHS data security requirements. This toolkit assessment demonstrates a high level of compliance. The council's Information Governance is led and monitored by the Data and Information Group (DIG). This group meets regularly and includes the Senior Information Risk Officer (SIRO) and Data Protection Officer (DPO). The Data and Information Group, under the direction of the SIRO, will ensure the coordination of a council-wide

F. Managing risks and performance through robust internal control and strong public financial management.
Supporting Principles
programme of information governance activities to educate, refresh and promote awareness of the organisation's roles and responsibilities; in addition, to identifying the work priorities, including the revision of various information governance policies, procedures, and guidance. Serious data breaches that must be reported to the Information Commissioners Office (ICO) remain very low. Information campaigns and reminders are regularly circulated to staff along with the requirement to undertake regular refresher training to continue to be aware of the associated risks. The council complies with the Local Government Transparency Code 2015 by publishing data required by The Code and has reviewed the May 2025 addendum to the guidance, which has been considered in preparing this statement in readiness for full compliance in 2025/26. The council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation, including the Data Protection Act 2018, provides individuals with various rights. The council ensures that all valid requests from individuals to exercise those rights are dealt with quickly and within the specified timescales.
Strong public financial management The council recognises that finance is intrinsically linked to its strategy and operations and none of these can be considered in isolation. The council's approach to financial management ensures that public money is always safeguarded, ensuring value for money. Its approach supports both long-term achievement of objectives and shorter term financial and operational performance. The Chief Financial Officer reports to the council on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves in line with current guidance. The Chief Financial Officer ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept and oversees an effective system of internal financial control. The Financial Services division ensures that well developed financial management is integrated at all levels of planning including management of financial risks. The financial regulations are in the constitution and underpin the financial arrangements. MHCLG have consulted on the objectives and principles for local authority funding reform which will impact our finances from 2026/27. The business rates retention scheme through which the council retains part of the local growth in business rates is expected to undergo a full reset. We currently receive around £15m per year from this funding source. The impact may be mitigated by transitional arrangements and by the receipt of a multi-year funding settlement, allowing for longer term planning certainty. We will be closely following the debate around funding reform and working with advisory partners to understand the impact on the MTFP. Recognising the potential impact of Local Government Funding Reform on this Council, work will be continued over the coming months to identify and take forward savings at the earliest opportunity to ensure the council stays ahead of current and future financial challenges. The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The council has undertaken a self-assessment of compliance with the Financial Management Code. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Financial Officer of the authority must report to the council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Chief Financial Officer has discharged this responsibility in the annual budget report to Full Council.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Supporting Principles:
Implementing good practice in transparency Transparency Code 2015: The council adheres to the requirements of the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. This is in addition to the required publication of the Annual Accounts, Financial Statements, Meeting Minutes, and other public interest information which has always been published. Hardcopies may also be sent in the post if requested.
Implementing good practises in reporting Financial Statements and Annual Governance Statement: Financial Information and the Annual Governance Statements for each year are all easily available on one page of the council's website. Notices for inspection at Council Offices are given in accordance with the Local Audit and Accountability Act 2014 Sections 26 & 27 and the Accounts and Audit Regulations 2015 Regulation 15. The council demonstrates how it has complied with CIPFA's "Delivering Good Governance in Local Government (2016)" principles by producing the Annual Governance Statement (AGS), which follows the principles and sub-principles contained in the same CIPFA/SOLACE publication.
Assurance and effective accountability The council receives both internal and external reviews. The council welcomes peer challenge, internal and external review, and audit. Reviews may take many forms, for example Ofsted and HMRC. The council monitors implementation of internal and external audit recommendations. The Public Sector Internal Audit Standards set out the professional standards for Internal Audit for 2024/25. These standards include the requirement to produce an Audit Plan that is presented to Audit and Accounts Committee for their discussion and agreement.

50.Successes in 2024/25

25. During the financial year 2024/25 the council can report significant success in the speed, adaptability, and commitment of staff to the needs of those who live and work in South Gloucestershire. The following areas are of note:

25.1 Delivery of three major elections including a snap General Election all in a 6-month period.

25.2 Bought and commissioned three new children's homes to care for young people and help them to thrive in their community.

25.3 The Council launched the Tackling Inequalities Plan with huge ambition to reduce inequalities.

25.4 The Jubilee Park Project was completed and over £2.6 million was secured from the National Lottery Heritage fund to restore Kingswood Park to its former glory.

25.5 Another successful Summer Reading Challenge by the library service encouraging 5,204 children to read six books during the summer holidays. Library cards were issued to all reception and year 6 students in South Gloucestershire.

25.6 We've planted thousands more trees towards our goal to double the tree canopy

25.7 We improved support to people in the community so that 96% of over 65s were able to leave hospital and return to their homes, the best in the Southwest.

25.8 A further 314 people were supported to become more independent though our new reablement service.

25.9 We secured 31 Affordable Homes for Ukraine and Afghan households who were at risk of homelessness.

25.10 We've resurfaced or surface dressed approximately 1.46% of the 1500km of total carriageway.

25.11 Tens of millions of pounds of funding has been secured to commence construction of a huge range of sustainable transport improvements across the district and business cases submitted for even more.

25.12 We awarded a new waste contract worth around £120 million.

25.13 We have provided financial support of around £2.5m to households across South Gloucestershire.

25.14 We were South-West Planning Authority of the Year.

25.15 We received a top Showcase Award at the Southwest Civil Engineering Awards for The Avonmouth Severnside Enterprise Area Ecology Mitigation and Flood Defence Project.

51. Evaluation of effectiveness of partnerships governance (for Council's significant partnerships)

26. The council has a standardised approach to managing its partnerships and promoting good practice such as detailed in the Partnership Governance Framework. This supports officers and stakeholders in ensuring that good governance is understood and embedded from the outset and throughout the lifetime of all partnerships. The Council is currently reviewing its wide range of partnerships and updating its partnerships framework to reflect the changed economic and political environment.

27. Effective working relationships have led to positive outcomes across many areas of the council. This includes the Police, Health and some Voluntary and Community Social Enterprise (VCSE) agencies as key partners.

28. The council is an active, engaged member of the West of England Combined Authority (WECA) and has worked positively and successfully with the Combined Authority to lift the Best Value Notice. This improved working relationship provides a positive foundation for the additional funding, powers and responsibilities outlined in the Devolution White Paper.

29. South Gloucestershire Council is one of three Local Authority founder members of the Bristol, North Somerset and South Gloucestershire Integrated Care System.

30. The Health and Wellbeing Board (HWBB) provides a forum where political, clinical, professional and community leaders from across the health and care system in South Gloucestershire, come together to improve the health and wellbeing of the local population (including children and young people and vulnerable adults) and reduce health inequalities, ensuring a strong focus on establishing a sense of 'place'.

31. Members and Officers provide leadership across the health and care system to promote greater integration and partnership between the NHS (South Gloucestershire Locality Partnership (LP), the Bristol, North Somerset and South Gloucestershire (BNSSG) Integrated Care Board (ICB) and Integrated Care Partnership (ICP)), local authority and wider partner organisations, paying regard to and challenging partners to work collaboratively and agree joint areas of focus.

32. The Health and Wellbeing Board Chair chairs the BNSSG Integrated Care Partnership Board in rotation with the other LA HWBBS and the Local Authority Chief Executive is a member of the Integrated Care Board.

33. The BNSSG Integrated Care Partnership Board has set out its plans for improving health in the Integrated Care System Strategy BNSSG Healthier Together. This document has been developed with input from the South Gloucestershire Health and Wellbeing Board, Joint Strategic Needs Assessment and many people and partners.

34. The ICS Strategy sets out five opportunities to focus on over the coming years to help everyone to start well, live well, age well and die well. This will help to realise the better health and wellbeing and improved services the local population deserves.

35. They are:
    - Tackling inequalities
    - Strengthening building blocks
    - Prevention and early intervention
    - Healthy behaviours
    - Strategic prioritisation of key conditions.

    These priorities are reflected in council priorities and plans as well as the Joint Health and Wellbeing Strategy.

52. External inspection agencies

36. Children's Services were inspected in summer of 2024 when Ofsted judged our services to be Good in all areas. It was noted that the pace of progress has accelerated and services for children in needs of help, care and support had significantly improved.
37. Vinney Green Secure Children's Home was subject to their annual inspection by Ofsted in June 2024 and received a requires improvement to be good judgement. An improvement plan has been implemented to address the findings. Ofsted undertook a monitoring visit in November 2024 to look at concerns that have been raised and review whether adequate steps have been taken since the last inspection to safeguard and protect the welfare of children living in the home. This visit noted that a more positive safeguarding culture is starting to develop. Appropriate action has been taken with safeguarding incidents. A monitoring visit was conducted in January 2025. The home is awaiting the outcome of their annual inspection that was conducted in May 2025.
38. The Council has been inspected by the Care Quality Commission. On May 8th, 2025, CQC published an assessment (begun in April 2024) of how well South Gloucestershire Council is meeting its responsibilities under the Care Act 2014 to ensure that people have access to adult social care and support. The report identified much that was positive and provides a good foundation on which to build but concluded that the evidence gathered indicated "some shortfalls". The overall rating is 'Requires Improvement' with a score of 59 (63 is required to be rated as good). The Council is developing an improvement plan which will be monitored within the Council and through required monitoring reports to the Department of Health and Social Care.
39. During the year there were Health and Safety Executive inspections in schools and other corporate properties to check the Council's compliance with asbestos requirements. The Council was found to be mostly compliant with regulations and any recommendations served to strengthen procedures.
40. The Information Commissioner's Office has conducted a consensual audit of Vinney Green Secure Children's home. The audit has identified several areas of data protection policy and practice (for both Vinney Green Secure Children's Home and the Council more generally) that require review and updating to improve and assure on going compliance with legislative requirements.

53. Progress in addressing the council's governance issues

41. This section provides an update on progress made addressing the council's governance issues during the 2024/25 financial year. These issues were identified in the action plan in last year's Annual Governance Statement (2023/24).

DSG Deficit
Required action: The Council will continue to work in partnership with the DfE and the Schools Forum to return the DSG to balance through the Safety Valve Agreement. Most LAs have DSG deficits and the DfE implemented a statutory override to take off balance-sheet these deficits. The DfE's current plans are to remove this override from April 2026 which would represent a significant financial risk. The Council alongside other LAs will continue to lobby the DfE for a long-term solution to this risk. **What we did:**

During 2024/25 the Council continued to work with the Schools Forum to gain approval for a further £2.2m investment from the Schools Block to support the Councils Safety Valve Plan and improve the DSG deficit. The £2.2m investment into early intervention measures in mainstream and early years, which is aimed at reducing escalation of need and more costly interventions later on in the pupil's life. In addition, schemes to expand the Authority's Special Schools are near to completion on time and on budget which will add 120 new places and thus reduce our expenditure on more expensive out of authority placements. We have continued to report on a quarterly basis our Safety Valve progress and have received all Safety Valve payments due during 2024/25, which also gives confidence that the Council has done all it can to meet the Safety Valve requirements (other Local Authorities have had their payments stopped if they cannot show adequate progress).

Strategic Action Plan for SEND

Required action:

To deliver the action plan that has been agreed by Cabinet.

What we did:

- Communication and Engagement

A new coproduction partner has been developed in partnership with the Parent and Carer Forum and adopted by the local area Partnership (Council and ICB).

The local offer has been reviewed and updated and new more accessible modes of communication, including videos, are used to explain our local arrangements.

Parent and Carers and young people have been actively involved in the transformation of the pathway for accessing support for children and young people who are neurodiverse.

- Identification of Need which is met at the earliest possible stage.

Good progress has been made in developing new arrangements for children and young people who are neuro diverse, and this starts with a focus from early years. Access to speech and language services from early years is delivering improvements across the early years sector. Local schools have been involved in the national Partnerships for Inclusion of Neurodiversity in Schools (PINS), which is building capacity to support early identification and deliver an effective response to meeting need, systemwide.

- Belonging

A new strategy for children and young people with SEND with a specific focus on improving the outcomes for children and young people with social emotional and mental health needs has been developed with a Belonging Toolkit for practitioners released and training delivered to all schools this year. The aim is to enable children and young people with SEND to have a sense of belonging in their community/setting – i.e. supported in a place where they can develop positive relationships in an environment equipped to meet their needs, through inclusive culture and practice.

- Post 16

The priority aims to improve the arrangements for supporting young people to prepare for adulthood and creating a range of opportunities to support independence and pathways to employment. A new Education, Employment and Training Forum has been established to deliver a targeted approach to young people at highest risk of not being in education, employment, or training. A broader offer is being developed to include supported internships, apprenticeships and work placements secured for young people. Although early days, this is already having an impact and works alongside the existing offers we have for young people with SEND, including the successful "We Work for Everyone" programme. A restructure of the Preparing for Adulthood team will also deliver a more targeted approach to young people with SEND starting earlier in their school life.

- Provision and services for children and young people with SEND

The main objective is to ensure that we have and continue to commission the right type and quality of provision and services to respond to the needs of children and young people with SEND in our local area. We have worked in partnership with schools to ensure that they understand the priority needs of the children in their clusters and therefore commission the services and support which children and young people need most to help them achieve good outcomes.

In relation to plans to create more specialist places to meet need, we have delivered additional places at Warmley Park School and Pegasus School and are now planning additional places for priority SEMH needs.

CQC Inspection

Required action:

Adult Social Care is due for its first external inspection in 15 years in 2024/25. The Adult Social Care Executive Assurance Board will oversee the development and implementation of any improvement actions resulting from inspection.

What we did:

The Inspection took place and the report was released in May 2025, and the overall rating is 'Requires Improvement' with a score of 59 (63 is required to be rated as good). The Council is developing an improvement plan which will be monitored within the Council and through required monitoring reports to the Department of Health and Social Care.

Children's Services

Required action:

To continue to embed practise and performance standards consistently within all service areas.

What we did:

Children's Services were inspected in summer of 2024 when Ofsted judged our services to be Good in all areas. The areas that were identified requiring further improvements have been addressed and improved. Monthly audits are evidencing the quality and consistency of practice and demonstrating this is improving and sustained. Any practice concerns are addressed, and additional support is provided from the Quality Assurance Manager. Practice events are focusing on learning from audits and closing the loop. A strong performance culture ensures compliance, monitoring and reporting at every level, including the Senior Leadership Team (SLT), Scrutiny Committee and the Children's Outcome Board.

The recent introduction of PowerBI live dashboards will further improve performance outcomes in relation to visits, plans and supervision timeliness. Timely allocation of Personal Advisers (PAs) to Care Leavers at significant transition points before their 18th birthday and refreshed Care Leavers Offer is delivering consistent and transparent service to all Care Leavers up the age of 25. Strong Corporate Parenting with council wide commitment is overseeing and monitoring our corporate parenting duties to our Children in Care and Care Leavers. We are proud that the full Cabinet approved the Care Leavers Protected Characteristics.

The WAYPOINT therapeutic service and Mockingbird Constellation initiatives are providing 'wrap around' support to Children, young people and their carers which is promoting greater placement stability and maintaining long-term relationships with their carers. We refreshed our response to Harm Outside Home, Return Home Interviews and Risk Management Pathways to ensure we provide robust response and intervention to children at risk of exploitation. The Exploitation Identification Tool is supporting staff to undertake evidence-based risk assessment of exploitation and management of risks.

Implementation of a new Finance and HR System

Required action:
To ensure the council successfully implements a new finance and HR system in line with programme plans, to deliver efficiency and improvements in controls and processes.

What we did:

The core functionality of the general ledger has been successfully migrated over including sales and purchase ledger. The system enables the potential for greater control and visibility for procurement activity. The council successfully implemented /Microsoft Dynamics 365 for Finance in April 2024. This has enabled greater control of procurement activity and continued performance in relation to general accounting, financial management and payment of invoices. There are some outstanding actions regarding how the council adapts its procurement processes to the new system. The HR and Payroll system is due to go live in Q1 2025-26.

Waste

Required action:
To successfully transition the council from the 25-year Waste PFI to new Waste arrangements, achieving improved value for money and efficiency.

What we did:

Cabinet in June 2023 agreed that the new waste service model would take the form of a public / private hybrid model with waste and recycling collections being outsourced to a private company and the council operating the waste transfer stations and Household Waste Recycling Centres (HWRCs). To deliver best financial value to local taxpayers, the disposal and sale of materials was agreed to be delivered by the council together with sector partners as appropriate.

On 5 October 2023 Cabinet approved the Outline Business Case (OBC) for the new waste model and agreed to commence the necessary procurement process for the collection contract procurement and initiate the insourcing work

On 11 March 2024 Cabinet approved the Future Waste Service Financial and Service Change Update. This report updated Cabinet on the forecasted cost of the future service which included an estimated annual gap of £3-5m in funding.

The following service changes were then presented to and approved by Cabinet:

a. Increase in garden waste charges approved through the 2023-24 budget consultation and Cabinet report,

b. transition to 3 weekly residual collection during the life of the new contract,

c. Improved efficiencies at transfer stations and

d. Introduction of a Household Waste Recycling Centre (HWRC) resident booking system to reduce costs from commercial and out of area resident disposals.

On 17 November 2024 Cabinet ratified the proposed procurement award decision for the waste collections contract and approved the Full Business Case (FBC) for the future waste service.

Partnership Working with WECA

Required action:
To ensure the council works with strategic partners to deliver key objectives and leverage benefits of these arrangements for the residents of South Gloucestershire

What we did:

MHCLG issued a Best Value Notice to the West of England Combined Authority on 5 March 2024. This was a formal notification that the department had ongoing concerns regarding poor professional relationships between the mayor and constituent members of the Authority, an unfit constitution, a lack of collective understanding around the function and purpose of the Authority, and a lack of clear, shared narrative regarding the West of England. South Gloucestershire officers and members have been working closely with the mayor and representatives of the Authority, particularly the independent improvement panel, resulting in improved relationships, more flexible decision making and oversight of projects. The improvements have been sufficiently robust that the Best Value Notice was allowed to expire on 5th March 2025.

54. Opinion on the governance framework

42. The review of the effectiveness of the governance framework identifies that the arrangements continue to be fit for purpose and reasonable assurance can be given that the framework is operating adequately in practice. This opinion considers the progress made on governance issues raised in the last AGS.
43. The council's governance arrangements are adequate, there are some areas which will require further consideration and monitoring during 2024/25, and these are covered in the action plan on page 128.
44. No review can provide absolute assurance; this statement is intended to provide reasonable assurance that there is an ongoing process for reviewing the governance framework and its operation in practice.

45. The Audit and Accounts Committee will have responsibility for ensuring the delivery of the actions needed to improve the council's governance framework.

55. Action Plan: governance areas for 2025/26

46. To identify significant governance areas for the council which will need to be addressed in the next financial year (2025/26), the council considers several evidence sources, which include:

46.1 Analysis of responses from Service Directors in response to a questionnaire.

46.2 Identification of key governance areas by a core group of officers within the council.

46.3 A meeting of key officers charged with co-ordinating governance of the council to discuss emerging governance areas (Corporate Governance Working Group).

46.4 Consideration of risks identified in the Organisation Risk Register.

46.5 Issues identified through the work of internal audit in 2024/25.

46.6 Overview and consideration of governance areas by the Strategic Leadership Team.

46.7 Where appropriate, carrying forward elements of action points from 2024/25 if substantial actions are still needing to be addressed and further monitoring is required.

47. The governance areas selected for 2025/26 have been informed by the outcome of the review of the effectiveness of governance for 2024/25.

Issue	What issue is to be addressed during 2025/26?	Required action	Service area responsible
1.	Procurement Capacity and capability across the council. Deliver on improvement actions	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.	Resources and Business Change Department
2.	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.	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.	Department for People
3.	Strategic Action Plan for SEND	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	Department for People

Issue	What issue is to be addressed during 2025/26?	Required action	Service area responsible
		and an extended New Horizons Learning Centre are available from September 2026.	
4.	CQC Inspection	The Council will address the recommendations of the CQC improvement plan.	Department for People
5.	Implementation of a new Finance and HR system	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.	Resources and Business Change Department
6.	Waste	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.	Department for Place
7.	Partnership Working with WECA	Work with WECA to ensure agreement and sign off of the Local Growth Plan.	Department for Place and Resources Business and Change

56. Conclusion and certification

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the annual accounts, providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year the council will continue the operation of its governance framework and plans to address any improvements will be monitored and progress will be reported as part of the next annual review.

Signed:

……Leader of the Council

……Chief Executive on behalf of the Council

Date: 16th February 2026

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.

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 or 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