

BATH & NORTH EAST SOMERSET COUNCIL

DRAFT STATEMENT OF ACCOUNTS 2025/26

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NARRATIVE REPORT

Introduction

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

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

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

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

The main financial statements are:

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

The Balance Sheet shows the assets and liabilities of the Council as a whole as at the 31 March 2026.

Cash Flow Statement

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

Collection Fund

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

Pension Fund Accounts

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

Statement of Accounting Policies

The statement describes the accounting concepts and policies adopted in the preparation of the accounts. It contains a number of technical notes, none of which are unusual or which differ from the concepts adopted by the majority of other Local Authorities. The Council complied with all recommended accounting practices contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which is recognised by statute as representing proper accounting practices. The Code of Practice incorporates Best Value Accounting principles with which the Council has also complied.

NARRATIVE REPORT

Bath & North East Somerset in Context

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

Topography and features

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

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

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

Population and Outcomes

The population has grown steadily over time:

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

Economy

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

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

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

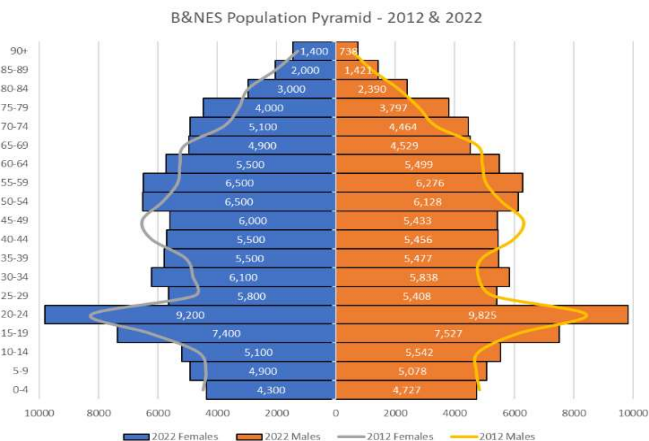
Wellbeing

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

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

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

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



The Next Twelve Months & Medium Term Outlook

The Medium-Term Financial Strategy (MTFS) for Bath & North East Somerset Council (B&NES) was approved in November 2025 and outlined how the budget would be delivered over the medium to long-term. This highlighted that operating and funding the Council in the current economic environment with constrained public finances due to continued low economic growth continues to be challenging. Alongside this, there has been considerable uncertainty around the impact of the governments new mechanism for allocating funding to local government through implementation of its Fair Funding reforms. The MTFS assumed fair funding would have a significant negative impact on the Council's financial position over the medium term. In addition, the Council continues to see demand and activity rise for essential Social Care services, which is compounded by high market costs and a reliance on out of area provision.

The Government announced three year funding allocations based on the Fair Funding reforms as part of the Provisional Local Government Finance Settlement on 17th December 2025, with the Final Settlement announced on 9th February 2026. The overall impacts across the three year period was broadly in line with the estimated impact included in the MTFS with a reduced impact in 2026/27, due to transitional phasing of impacts, and an overall reduced impact of £0.45m over the three year period. The changes are shown in the table below and were factored into the proposed budget.

| Negative Impact of Fair Funding Changes | 2026/27 | 2027/28 | 2028/29 | 3 yr Total |
|---|---------------|-------------|-------------|---------------|
| | £m | £m | £m | £m |
| MTFS Estimate (November 2025) | 4.00 | 4.00 | 5.00 | 13.00 |
| Provisional Settlement (December 2025) | 2.42 | 5.12 | 5.00 | 12.55 |
| Change from MTFS (November 2025) | (1.58) | 1.12 | 0.00 | (0.45) |

The Council needs to deliver a balanced budget over the term of the plan. A balanced budget means that Council one-off cash balances (reserves) are not being used to fund recurrent expenditure. The updated plan shows a balanced budget for 2026/27 with a future years budget gap from 2027/28 as shown in the table below, although this is expected to reduce to a balanced position once the impacts of income growth and further efficiencies and the developing transformation programme are factored into future budget planning. The figures include all estimates for future pay awards, pension costs, Council Tax, business rates, and Government grant. Service budgets have been updated to reflect changes in service demographic, inflation and ongoing pressures highlighted through the 2025/26 budget monitoring process which are unable to be directly mitigated on an ongoing basis. These increases in growth are partly mitigated by releasing £7.22m of the corporately held contingency which formed part of the 2025/26 base budget. This leaves contingency held within the 2026/27 budget of £2.62m.

| Budget Planning | Future years assumptions £m | | | | | Total |
|--|-----------------------------|--------------|--------------|--------------|--------------|---------------|
| | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | |
| Growth Requirement | 10.24 | 16.96 | 14.65 | 14.93 | 15.30 | 72.09 |
| Service & Business Rate Grants Transferred to Core Funding | 38.46 | 0.00 | 0.00 | 0.00 | 0.00 | 38.46 |
| Total Change In Net Budget Requirement | 48.70 | 16.96 | 14.65 | 14.93 | 15.30 | 110.56 |
| Funding Increase | 3.00 | 4.41 | 4.44 | 9.83 | 10.24 | 31.93 |
| Service & Business Rate Grants Transferred to Core Funding | 38.46 | 0.00 | 0.00 | 0.00 | 0.00 | 38.46 |
| Total Change in Core Funding | 41.46 | 4.41 | 4.44 | 9.83 | 10.24 | 70.39 |
| Annual Funding gap | 7.24 | 12.55 | 10.21 | 5.10 | 5.06 | 40.17 |
| Savings Proposals | 7.24 | (0.04) | (0.26) | 0.15 | 0.15 | 7.24 |
| Remaining Funding Gap | 0.00 | 12.59 | 10.47 | 4.95 | 4.91 | 32.92 |

NARRATIVE REPORT

The Next Twelve Months & Medium Term Outlook (Continued)

The budget has been developed considering how to operate with a higher cost base and lower income levels whilst delivering the Corporate Strategy to meet our key principles and commitments. After taking account of ongoing service cost pressures and new funding requirements, the starting point for the 2026/27 budget is a funding gap of £7.24m. The proposed budget meets this funding gap in two ways:

- 1) Income generation plans of £2.59m, and
- 2) Cost reduction plans of £4.65m.

After considering demands on services and inflationary pressures the Council's revenue budget requires £10.24m in budget growth. This is funded through increases in Council Tax, Business Rates, income, savings plans and grant adjustments.

The material items requiring additional funding are listed below, this illustrates some of the economic and financial challenges the Council is facing.

- Adult Services budget growth £5.51m
- Children's Services budget growth £4.07m
- Heritage Services income rebasing £1.33m

To deliver a balanced budget in 2026/27 savings and income generation plans total £7.24m. The Council has a good track record in savings delivery. In relation to the 2025/26 approved savings of £14.01m, 65% (£9.15m) have been delivered in full, 15% (£2.04m) have been mitigated through savings, contingency or income elsewhere in the respective service, with the remaining 20% (£2.82m) delayed until 2026/27 or addressed through the budget setting proposals.

The Government Settlement & Fair Funding

The Local Government Finance Settlement sets out the Councils Core Spending Power (CSP), which is the government measure of the resources available to fund service delivery. CSP consists of:

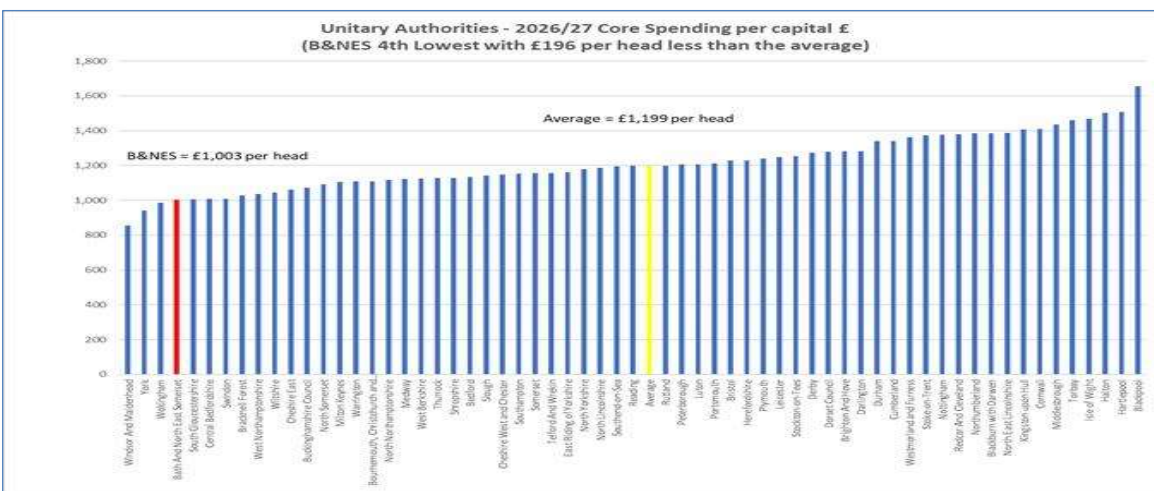
- Core Funding – Revenue Support Grant (RSG) and Retained Business Rates
- Local Authority Better Care Grant
- Government estimate of Council Tax Income
- Ring-fenced Grants (Homelessness, Rough Sleeping & Domestic Abuse and Families First Partnership)
- Transitional Protection (B&NES = £0)
- Recovery Grant (B&NES = £0)

For England, CSP for local government is increasing by 15.5% across the three year period covering 2026/27 to 2028/29. For the Council, the CSP is shown to increase by 8.4%, well below the England average and reflecting the negative impact of the Fair Funding changes.

The table below shows the Government published figures for Bath & North East Somerset Council.

| Core Spending Power - Government Published Figures | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--|---------|---------|---------|---------|
| Core Spending Power (£m) | 198.59 | 205.18 | 209.93 | 215.17 |
| Annual Change (£m) | | 6.59 | 4.75 | 5.24 |
| Annual Change % | | 3.3% | 2.3% | 2.5% |
| Cumulative Change since 2025/26 % | | 3.3% | 5.7% | 8.4% |

The following graph compares the overall CSP per head of population against other Unitary Authorities and shows Bath & North East Somerset Council to be the fourth lowest funded authority in 2026/27.



Revenue Support Grant (RSG) and Grant Simplification

Revenue Support Grant forms part of the updated Fair Funding allocation and as part of the grant simplification principle, a number of unringfenced service specific grants have been rolled into RSG from 2026/27. Some of the more material grants that have been rolled in are:

- Social Care Grant
- Market Sustainability & Improvement Fund
- Employers National Insurance Contributions Grant
- New Homes Bonus
- Temporary Accommodation element of the Homelessness Prevention Grant

The relevant service budgets have been adjusted to reflect the transfer of income and this has led to a significant increase of £22.11m in the net revenue budget due to this technical change in treatment of grant income. The total Revenue Support Grant for 2026/27 is £33.00m. The RSG allocated to B&NES continues to be rolled into the 100% Business Rate Pilot Scheme, with the Council retaining an equivalent amount of business rates instead of receiving a RSG payment.

Children, Families and Youth Grant

The Children, Families and Youth Grant is a new consolidated grant from 2026/27. The ringfenced grant is targeted at supporting children and families across England, as part of the government's national reforms under the Families First Partnership Programme. The grant also supports the Holidays, Activities and Food Programme and funds the Pupil Premium Plus for post-16 looked after children and care leavers.

The following table shows the grants received in 2025/26 and the consolidated funding streams for 2026/27 to 2028/29.

The increase in funding for 2026/27 reflects the new funding for the Families First Programme announced at the Spending Review and the Local Government Finance Policy Statement.

NARRATIVE REPORT

The Next Twelve Months & Medium Term Outlook (Continued)

| Children, Families and Youth Grant | 2025/26 £m | 2026/27 £m | 2027/28 £m | 2028/29 £m |
|---|---------------|---------------|---------------|---------------|
| Children's Social Care Prevention Grant | 0.40 | | | |
| Supporting Families | 0.55 | | | |
| Families First Partnership Programme Funding | 0.95 | 1.66 | 1.66 | 1.42 |
| Holiday Activities and Food Programme | 0.47 | 0.48 | 0.46 | 0.46 |
| Post-16 Pupil Premium Plus Programme | 0.04 | 0.04 | 0.04 | 0.04 |
| Total Children, Families and Youth Grant | 1.46 | 2.18 | 2.16 | 1.91 |
| <i>Annual Change</i> | | 0.72 | (0.03) | (0.24) |

Public Health Grant

For 2026/27 and future years, funding from the following grants will be consolidated into the Public Health Grant.

- Current Public Health Grant
- Drug and Alcohol Treatment and Recovery Improvement Grant
- Local Stop Smoking Services and Support Grant

The grant continues to be ring-fenced for use on public health activity. The following table shows the grants received in 2025/26 and the consolidated Public Health Grant for 2026/27 to 2028/29.

| Public Health Consolidated Grant | 2025/26 £m | 2026/27 £m | 2027/28 £m | 2028/29 £m |
|---|---------------|---------------|---------------|---------------|
| Public Health Grant | 10.97 | | | |
| Drug and Alcohol Treatment and Recovery Improvement Grant | 1.34 | | | |
| Local Stop Smoking Services and Support Grant | 0.22 | | | |
| Consolidated Public Health Grant | 12.52 | 12.74 | 13.05 | 13.40 |
| <i>Annual Change</i> | | 0.22 | 0.31 | 0.36 |

Homelessness, Rough Sleeping and Domestic Abuse Grant

This is another new consolidated grant from 2026/27. The ringfenced grant is to support councils to deliver homelessness and rough sleeping services, as well as meeting their domestic abuse duties. It brings together the following funding streams into a single consolidated grant.

- The Prevention, Relief and Staffing element of the Homelessness Prevention Grant
- Rough Sleeping Prevention and Recovery Grant and Rough Sleeping Accommodation Programme funding
- The Domestic Abuse Safe Accommodation Grant

The following table shows the grants received in 2025/26 and the consolidated Homelessness, Rough Sleeping and Domestic Abuse Grant for 2026/27 to 2028/29.

| Homelessness, Rough Sleeping and Domestic Abuse Grant | 2025/26 £m | 2026/27 £m | 2027/28 £m | 2028/29 £m |
|---|---------------|---------------|---------------|---------------|
| Homelessness Prevention Grant | 1.23 | | | |
| Homelessness Prevention Grant - Top Up | 0.11 | | | |
| Rough Sleeping Accommodation Programme | 0.08 | | | |
| Rough Sleeping Prevention and Recovery Grant | 0.43 | | | |
| Domestic Abuse Safe Accommodation Grant | 0.40 | | | |
| Total HRSDA Grant | 2.26 | 2.25 | 2.27 | 2.29 |
| <i>Annual Change</i> | | (0.01) | 0.02 | 0.02 |

Crisis and Resilience Fund

The Crisis and Resilience Fund consolidated grant is ringfenced funding to provide preventative support to communities and assist people when faced with financial crisis. The grant brings together the following two funding streams into a single consolidated grant from April 2026.

- Household Support Fund
- Discretionary Housing Payments

The following table shows the grants received in 2025/26 and the consolidated Crisis and Resilience Fund Grant for 2026/27 to 2028/29.

| Crisis and Resilience Grant | 2025/26 £m | 2026/27 £m | 2027/28 £m | 2028/29 £m |
|---|---------------|---------------|---------------|---------------|
| Household Support Fund | 1.70 | | | |
| Discretionary Housing Payments | 0.22 | | | |
| Consolidated Crisis and Resilience Grant | 1.93 | 1.61 | 1.61 | 1.58 |
| <i>Annual Change</i> | | (0.32) | (0.00) | (0.03) |

Business Rates

There will be a series of changes to the Business Rate Retention System coming into effect from 2026/27. These include:

- A full reset of the Business Rate baseline, where Business Rate growth above baseline achieved since 2013 will be redistributed based on the updated needs assessments as part of the Fair Funding proposals.
- A Business Rate revaluation with the changes to properties Rateable Values implemented with effect from 1st April 2026.
- A Transitional Relief Scheme which phases in increases in business rate bills over three years (2026/27, 2027/28 and 2028/29) for those properties whose Rateable Value have increased significantly through the 2026 revaluation.
- The introduction of new lower business rate multipliers for Retail, Hospitality and Leisure properties with a Rateable Value below £500,000, funded by increasing the multipliers for businesses with Rateable Values of more than £500,000.

Each Local Authority has received a new Business Rate Baseline, Baseline Funding Level and a corresponding top-up or tariff based on updated needs assessments.

The impacts of the business rate reset have been included within the Fair Funding reductions referred to in the sections above. The existing section 31 grants received by the Council in 2025/26 in respect of government compensation for previously introduced business rate relief schemes (such as the Retail, Hospitality & Leisure reliefs) and the under-indexation of business rate multipliers have also been rolled into the Fair Funding redistribution. The relevant revenue budgets have been adjusted to reflect the transfer of income and this has also led to a significant increase of £16.35m in the net revenue budget due to the technical change in treatment of grant income in the same way as the simplification of service based grant funded highlighted in the Revenue Support Grant and grant simplification section above.

NARRATIVE REPORT

The Next Twelve Months & Medium Term Outlook (Continued)

The Budget agreed for 2026/27 included the following key proposals:

- An increase of 2% to Council Tax for the Adult Social Care Precept in recognition of the current demands and financial pressures on this service.
- An increase in general Council Tax of 2.99% in 2026/27.
- The Band D Council Tax for Bath and North East Somerset Council next year, including the Adult Social Care Precept increase of 2.00%, is £1,914.03 (£1,823.06 in 2025/26) an increase of 4.99% and £90.97 per Band D (£1.75 per week).
- A General Fund net revenue budget of £193.17m for 2026/27 and an approved Capital Programme for 2025/26 of £110.22m.

Corporate Strategy

The 2026/27 Budget proposal set out the framework and allocation of financial resources across the Council. How this is achieved will require close alignment to the Corporate Strategy as set out below.

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

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

The report to cabinet in November 2025 on the Medium-Term Financial Strategy (MTFS) set out the financial framework for allocating resources across the Council which requires close alignment to the Corporate Strategy. Alignment to the strategy creates the "golden thread" which drives what we do ensuring that setting budgets and managing our people - our most valuable resource - are guided by the council's priorities. It also means that our commitments are realistic and achievable.

To ensure corporate priorities shape our financial planning, as well as seeking to address the Council's projected financial position, which is adversely impacted by Central Government's Fair Funding Reform, for the 2026/27 and future years' budgets we are developing a more strategic approach built around:

- Identification of key scenarios, particularly in the light of central government fiscal policy and approach to local government funding
- Agreeing key priorities which will support delivery of our Corporate Strategy, in the light of the resources available to the council over the medium term
- Establishing a longer-term approach to budget planning, including investing in prevention to address budget pressures and reduce costs
- Introducing a new operating model which delivers the council's purpose through innovation in our ways of working

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

Total Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2026/27 Capital Programme and the indicative programme for the next five years, including both fully approved and provisionally approved schemes. This level of resource ensures that overall planned spending and funding are in balance.

| | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total Schemes | 210,599 | 142,188 | 96,846 | 35,068 | 20,167 |
| Funding Sources | | | | | |
| Grant | 98,653 | 38,414 | 15,856 | 8,786 | 8,786 |
| Capital Receipts | 6,025 | 1,762 | 635 | 202 | 635 |
| Revenue | 6,121 | 50 | 50 | 50 | 50 |
| Borrowing | 83,632 | 100,911 | 80,300 | 26,030 | 10,686 |
| 3rd Party (incl. s106 & CIL) | 16,168 | 1,050 | 5 | 0 | 0 |
| Total Funding | 210,599 | 142,187 | 96,846 | 35,068 | 20,157 |

Revenue Outturn and Balances 2025/26

The Council's net revenue budget was set at £151.708m with an increase of 4.99% in its part of the 2025/26 Council Tax (split 2% for the Adult Social Care precept and a 2.99% general increase). Dedicated Schools Grant funding of £75.279m separately supports expenditure on schools.

Total net spending amounted to £171.163m against a revised budget of £168.635m, giving a year end overspend position of £2.528m on the general fund before carry forwards. After allowing for the carry forwards of underspends of £0.103m, the final outturn position is an overspend of £2.631m. The Cabinet Outturn report includes the proposed transfer of the £1.176mm from the Commercial Risk Reserve and £1.455m from the Corporate Revenue Budget Contingency earmarked reserve to fund the overspend position. These transfers from earmarked reserves are reflected in the 2025/26 accounts. The uncommitted General Fund balance (unearmarked reserves) after allowing for the reserve transfers and carry forwards remains at £12.584m, which is in accordance with the risk assessed target range approved by the Council in February 2025.

Schools balances have reduced by £0.142m to £1.733m at the year-end, this is partly due to two schools converting to academies during 2025/26 taking their balances with them.

The Council followed well established procedures for monitoring its finances and reporting the position to Senior Management and the Cabinet throughout the year. Significant demand cost pressures have continued to impact the Council during the year, most significantly in Children's Services where demand led placement package costs continued to escalate. The 2025/26 Budget recognised the significant budget risks associated with national insurance changes, demand on statutory services rising above modelled levels, alongside savings delivery risk, and corporately held contingencies of £9.830m were included in the budget: These contingencies were released in year to mitigate service pressures.

NARRATIVE REPORT

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

Children's Services - over budget by £10.182m - Children's Services closed the 2024/25 financial year with a £4.775m overspend, largely driven by continued demand and increasing Residential placement costs. Despite additional budget provision in 2025/26, a late-year increase of eight residential placements in quarter 4 of 2024/25 created a recurring £2.700m budget pressure. During 2025/26, this was compounded by further additional residential placements and extensions to existing placements to meet safeguarding and care needs, increasing the residential placements overspend by a further £4.567m.

Of the total residential placements pressure of £8.107m, £1.510m arose in quarter 4 of 2025/26 due to additional placements and revised care planning assumptions. A further £0.840m relates to invoices that were raised in 2024/25 that are required to be written off due no prospect of recovery. Most of the additional residential placements reflect escalation from lower levels of support as needs have increased, rather than wholly new cases within Bath & North East Somerset.

Residential placements continue to be subject to significant market cost inflation, driven by limited placement sufficiency and the increasing complexity of need, which requires higher-cost care packages for the most vulnerable young people.

Additional year-end pressures include £0.655m for support to young people cared for at home, £0.495m across other demand-led budgets including parent and baby placements and unaccompanied asylum-seeking children placements, and £0.652m of staffing costs arising from agency cover for vacancies and demand pressures across Social Care. These were partly offset by £0.139m of management action savings across Early Help, mainly through vacancy management.

In Education, teacher pension costs and historic reduced income pressures have continued from 2024/25, totalling £0.176m. These issues have been addressed in the 2026/27 Budget. There are also staffing pressures of £0.346m, driven by agency usage to maintain statutory provision in response to rising demand in the Educational Psychology Team. After mitigations of £0.137m, the net pressure in Education is £0.454m.

The year-end overspend is reported after delivery of the full £2.473m of budgeted savings across the Children's Services portfolio.

Looking forward, Children's Services are delivering a targeted response through an enhanced Transformation Programme and detailed scrutiny of all areas of activity and spend, including but not limited to, children's residential placements. This has included a focused placements taskforce responsible for cost assurance and ensuring that young people's needs are met through the most effective and sustainable means possible. This process will lead to reductions in cost for the financial year 2026/27. Other workstreams major on placement sufficiency and amending the market structure. These workstreams will deliver reduced costs over the medium term.

Economic & Cultural Sustainable Development – over budget by £3.990m – An aggressive income target was set for Heritage Services for 2025/26, but unfortunately visitor numbers were lower than budgeted, with larger visitor shortfalls crucially happening during months with peak pricing periods. One-off restructuring costs, which will lead to a saving in 2026/27, also contributed to an overall adverse position of £2.454m. Delays in renting floor space at No.1 Bath Quays South, and delays implementing the corporate landlord model and rationalising the estate were the remaining contributors to the adverse year-end position resulting in a £1.593m adverse variance across Corporate Estate and Regeneration. The £0.665m pressure arising from Bath Quays South within Regeneration is proposed to be funded from the Commercial Income Risk Reserve.

Resources - Being Our Best Programme – over budget by £4.199m

•Savings &

Pay & Grading Review (£4.199m over budget)

•Use of Job Evaluation and Pay Structure Reserve (£1.721m under budget)

The Savings target relating to the Being our Best Programme in 2025/26 of £2.479m has not been delivered in year. As part of the 2026/27 budget setting process, the overall savings target was reduced by £0.270m. Therefore, a residual savings target of £2.209m will carry forward into 2026/27. This savings target has been fully allocated out to services for delivery in 2026/27 which will be regularly monitored by Executive Directors.

The pay and grading review across the organisation has resulted in a net increase in salary costs. The increase has exceeded the budget by £1.721m and as such created both an in-year and on-going pressure. A Job Evaluation and Pay Structure reserve was created in the last financial year (2024/25) to cover any one-off impacts from the programme, which has been used to mitigate the 2025/26 pressure. The ongoing impact has been addressed as part of 2026/27 budget setting processes.

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

Resources - Corporate Contingencies - under budget by £9.830m – When setting the 2025/26 budget, in recognition of the significant budget risks associated with national insurance changes, demand on statutory services rising above modelled levels, alongside savings delivery risk, the following contingencies and provisions were included in the budget:

•Corporate Contingency (£3.0m) for savings delivery risk and slippage

•Contract Inflation Provision (£2.6m) for the impacts of Employer National Insurance on supplies and services and contract spend across services.

•High Risk Service Demand and Cost Increase Provision (£4.2m)

All £9.830m of budgeted contingency has been released within the outturn position to partially offset pressures across council services.

Resources - Corporate Budgets – under budget by £3.469m – Interest rates have been favourable when compared to what was expected at budget setting on both borrowing and cash balances, resulting in a £1.906m benefit to the Council.

Some of the Council's Capital Programme funded by corporately supported borrowing needs to be reprofiled into future years, resulting in less borrowing required in year (£1.342m). This was also the case in 2024/25, resulting in a lower Minimum Revenue Provision (MRP) charge in this year's accounts (£0.181m).

Schools Outturn & Balances

The overall Dedicated Schools Grant (DSG) for 2025/26 was £217.361m, however of this sum £142.204m was returned to the Department for Education (DFE) to be allocated to Academies. A further £13.745m was allocated to maintained schools through the funding formula. A further £29.914m was allocated directly to nurseries and early years settings under the Early Years formula with the remaining £31.498m was used by the Local Authority (LA) to support Special Educational Needs and Disabilities (SEND), central expenditure, and Early Years support services.

The centrally held elements of the DSG were over budget by £13.716m, due to significant increases in numbers and cost of placements for children with SEND, which is funded from the High Needs Block within the DSG. This overspend will be carried forward along with the brought forward accumulated deficit on the DSG of £32.789m giving a total overspend to be carried forward into 2026/27 of £46.505m. In line with Government guidance any overspend is carried forward for recovery against future DSG funding. Therefore, the Council cannot fund this pressure from its own General Fund revenue budget (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). Year-end budgets have been adjusted to reflect the transfer of the £46.505m overspend into a specific unusable reserve for recovery against future DSG funding. This treatment is in line with Government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This Statutory Override accounting treatment has the effect of separating DSG budget deficits from the Council's General Fund and covers the period to 31st March 2028.

NARRATIVE REPORT

As part of the white paper on schools and SEND, the DFE have issued guidance related to the new High Needs Stability Grant. This grant is to be paid to LA's in 2026/27 as part of the SEND reform plans. The DFE have indicated that the High Needs Stability Grant will be paid in Autumn of 2026 providing that individual LA's have created an acceptable SEND reform plan which has been approved by the DFE. Reform plans are required to be submitted to the DFE by 19th June 2026.

Once an acceptable plan has been provided to the DFE they will pay the LA a grant equal to 90% of the accumulated deficit of the DSG. It is anticipated that the Council would receive a grant of £41.931m leaving a residual gap of £4.573m to be funded by the Council from 2028/29 when the Statutory override will end.

The DFE have indicated that they will take over responsibility for the High Needs Block from April 2028 and have recognised that LA's will generate further deficits in the 2 years to that point. The DFE have indicated that there will be further funding support for the deficits arising in 2026/27 and 2027/28 but have not indicated the exact methodology or any timelines for the delivery of those funds.

The new High Needs Stability Grant process replaced the Safety Valve programme. Under that programme, the Council received £8.230m and this receipt has been taken into account in the new High Needs Stability Grant process.

The five schools maintained by the Council have balances that have decreased by £0.142m to £1.733m at the year-end. This decrease is partly due to two schools converting to academies during 2025/26 taking their balances with them. These balances are closely monitored by Schools Forum which has adopted an excessive balances policy in line with continued DFE best practise guidance. All schools with balances deemed to be excessive are challenged to explain their position.

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

| Service (based on Cabinet Portfolios) | Budget | Actual | (Under)/ Over |
|--|----------------|----------------|-----------------|
| | £'000 | £'000 | Budget £'000 |
| Leader | (1,000) | (1,041) | (41) |
| Sustainable Bath & North East Somerset | 3,915 | 3,887 | (28) |
| Resources | 45,543 | 35,001 | (10,542) |
| Economic & Cultural Sustainable Development | (9,191) | (5,201) | 3,990 |
| Adult Services | 62,128 | 61,602 | (526) |
| Children's Services | 45,357 | 55,538 | 10,181 |
| Sustainable Transport Strategy | (8,781) | (9,120) | (339) |
| Built Environment, Housing & Sustainable Development | 4,519 | 4,092 | (427) |
| Communications & Community | 6,486 | 6,581 | 95 |
| Sustainable Transport Delivery | 19,659 | 19,824 | 165 |
| Total (before carry forwards) | 168,635 | 171,163 | 2,528 |
| Carry Forward Requests (Underspends) | | | 103 |
| Total (Including Carry Forwards) | | | 2,631 |

The Leader Portfolio includes the Housing Delivery Vehicle.

The Sustainable Bath & North East Somerset Portfolio includes Parks & Open Spaces, Environmental Monitoring and Green Transformation.

The Resources Portfolio is made up of Corporate Office, Human Resources & Organisational Development, Finance, Procurement, Revenues & Benefits, Information Technology, Risk & Assurance, Legal & Democratic Services, Business Change, Commercial Estate and Corporate & Agency budgets, as well as Waste & Fleet Services.

The Economic & Cultural Sustainable Development Portfolio is made up of Corporate Estate, Heritage, World Heritage, Regeneration, Business & Skills and Capital Programme & Project Delivery.

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

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

The Sustainable Transport Strategy Portfolio is made up of Transport Strategy, Clean Air Zone and Parking Services.

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

The Communications & Community Portfolio is made up of Park & Ride, Bereavement Services, Events & Active Lifestyles, Customer Services, Registrars, Emergency Planning, Communications & Marketing, Community Safety & Public Protection.

The Sustainable Transport Delivery Portfolio is made up of Network & Traffic Management and Highways Maintenance.

NARRATIVE REPORT

Collection Fund

As part of the 2026/27 budget setting, an estimate was made on the position of the Collection Fund as at 31st March 2026. The estimate is split into two elements, one relating to Council Tax and the other relating to Business Rates. The estimated and actual position for each is shown in the following table. The figures relate to the Council's share of the surplus / deficit, excluding any preceptor and central government shares. At an overall level, the outturn position on the Collection Fund position worsened by £0.240m over the estimated position. The main reason for the increase in the deficit is due to an increase in the Council Tax Bad Debt provision partially offset by an improvement in the Business Rates Appeals and Bad Debt provision. The difference will be taken into consideration when estimating the closing 2026/27 Collection Fund as part of the 2027/28 budget process.

| | Estimated surplus / (deficit) £'000 | Actual surplus / (deficit) £'000 | Difference £'000 |
|----------------|--|-------------------------------------|---------------------|
| Council Tax | (166) | (562) | (396) |
| Business Rates | (1,880) | (1,724) | 156 |
| Total | (2,046) | (2,286) | (240) |

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement includes a number of items that are not required to be included in the General Fund and to be taken into account in setting the Council Tax. The Comprehensive Income and Expenditure Statement included within this Statement of Accounts shows the net cost of services for the year of £188.6m.

This reconciles to the General Fund spending reported above as follows:

| | £'000 | £'000 |
|--|----------|----------------|
| Total net spending by departments | | 171,163 |
| Add: | | |
| Charges related to capital assets: | | |
| - depreciation, amortisation and impairments | 18,106 | |
| - revenue expenditure funded from capital under statute | 19,671 | |
| - loss / (gain) on revaluations | 5,819 | |
| | | 43,596 |
| Other Movements: | | |
| Grant funded revenue expenditure funded from capital under statute | (19,163) | |
| Unapportioned pensions contributions | (342) | |
| Levy payments | (5,728) | |
| Interest received and paid | (9,057) | |
| Non-Ringfenced Government Grants | 17,591 | |
| Other movements on funds and balances | 2,806 | |
| Minimum Reserve Payment (MRP) | (11,814) | |
| Net transfers from / (to) reserves | (497) | |
| | | (26,204) |
| Cost of services - continuing operations | | 188,555 |

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

Capital Expenditure

Capital expenditure in 2025/26 totalled £77.8m. Overall capital spending was 80% of the revised capital budget, primarily reflecting the delivery time to complete projects moving into future financial periods. Details of Capital expenditure by Cabinet Portfolio are set out in the table below:

| Cabinet Portfolios | Planned Spend £'000 | Actual Spend £'000 | Variation on planned spend £'000 |
|---|------------------------|-----------------------|-------------------------------------|
| Leader | 60 | 29 | (32) |
| Sustainable Bath and North East Somerset | 3,284 | 1,808 | (1,476) |
| Resources | 17,221 | 11,823 | (5,398) |
| Economic & Cultural Sustainable Development | 14,635 | 11,665 | (2,970) |
| Adult Services | 393 | 367 | (26) |
| Children's Services | 7,400 | 5,280 | (2,120) |
| Communications and Community | 1,989 | 840 | (1,149) |
| Sustainable Transport Strategy | 591 | 378 | (214) |
| Sustainable Transport Delivery | 27,673 | 22,795 | (4,878) |
| Built Environment & Sustainable Development | 24,019 | 22,842 | (1,177) |
| | 97,267 | 77,826 | (19,440) |

NARRATIVE REPORT

Capital expenditure was financed by:

| | £'000 |
|---------------------------|---------------|
| Capital Receipts | 4,325 |
| Grants | 49,627 |
| Borrowing | 17,764 |
| 3rd Party Contributions | 936 |
| Revenue | 2,845 |
| S.106 / CIL contributions | 2,330 |
| | <u>77,826</u> |

Key Programme Spend is illustrated as follows :

| | £'000 |
|---|--------------|
| Highways Maintenance Block | 9,694 |
| Local Active Travel Safety Programme (LATS) | 2,511 |
| City Centre Security | 605 |
| CRSTS Liveable Neighbourhoods | 1,689 |
| CRSTS Somer Valley Links | 2,625 |
| CRSTS - Scholars Way | 1,756 |
| CRSTS Bath City Centre (BCC) | 1,281 |
| CRSTS BQL Delivery | 1,125 |
| Social Rent Programme (Phase 1 of BANES Homes) | 2,706 |
| Local Authority Housing Fund | 888 |
| Disabled Facilities Grants | 1,548 |
| Property Company Investment - Council Loans | 789 |
| Midsomer Norton High Street Renewal Programme | 173 |
| Bath Quays North | 559 |
| Bath Western Riverside (BWR) Phase 2 | 17,022 |
| Somer Valley Enterprise Zone | 2,239 |
| Fashion Museum Renovation | 1,693 |
| Basic Needs - School Improvement / Expansion | 2,558 |
| SEND (Special Education Needs & Disability) Programme | 1,617 |
| Corporate Estate Planned Maintenance | 3,844 |
| Commercial Estate Refurbishment Programme | 1,882 |
| Commercial Asset Re-Investment | 3,732 |
| Waste Infrastructure Modernisation | 1,068 |
| Council Vehicles | 1,704 |

Property, Plant & Equipment

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

Transfers of £7.273m from Assets Under Construction reflecting projects becoming operational in the year:-

| | £'000 |
|---|--------------|
| City Centre Protection Measures | 2,856 |
| Great Hayes Court (former Argyle Works) Housing Project | 2,610 |
| Victoria Art Gallery Roof Refurbishment | 810 |
| Midsomer Norton High Street | 568 |
| Other | 429 |
| | <u>7,273</u> |

Net Property Revaluation loss of £1,778k for Other Land and Buildings and Surplus Assets for the following classes of assets:-

| | £'000 |
|-------------------|----------------|
| Schools | (3,316) |
| Housing | (2,132) |
| Community Centres | (544) |
| Refuse/CA Sites | (318) |
| Offices | 175 |
| Depot/Stores | 391 |
| Children Centres | 469 |
| Playing Fields | 558 |
| Leisure Centres | 631 |
| Car Parks | 1,733 |
| Other | 575 |
| | <u>(1,778)</u> |

Investment Property Assets Values

Investment Properties were subject to new valuations in 2025/26 on fair value with £6.950m decrease reflected.

Overall the total value of Investment Property decreased by £1.117m, reflecting expenditure of £6.713m, along with disposals and transfers of £0.880m

NARRATIVE REPORT


Non Financial Performance of the Council

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

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

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

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

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

Delivering for Local Residents

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

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

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

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

Focusing on Prevention

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

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

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

NARRATIVE REPORT

Non Financial Performance of the Council (cont.)

Preparing for the Future

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

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

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

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

Tackling the Climate Emergency

During 2025/26:

- We secured funding to deliver our ambition to manage 30% of our land for nature by 2030.
- Together with the Forest of Avon Trust, we led a successful bid for the Western Forest to be chosen as England's second National Forest, with £7.5 million of funding for more trees and woodland across the West of England, Wiltshire and Gloucestershire. The Western Forest is only the second National Forest in the country and will result in the creation of at least 2,500 hectares of new woodland and other tree habitats in the first five years.
- The Somer Valley Rediscovered project completed its work to improve the value of 37 hectares of green space across seven sites in Midsomer Norton, Westfield and Radstock for both nature and people, including improving grassland management, tree planting, and hedge laying.
- Started the Connecting Catchments Project, co-funded by Wessex Water, Bristol Water and the council. It will produce Catchment Investment Portfolios offering large-scale propositions for investment into nature recovery and climate resilience in the Chew catchment, and the Cam and Wellow catchments.
- Adoption and rollout of Greener Places Plan 2025–2035, making the case for investment in parks, green infrastructure, and nature recovery across the district; and introducing new Green Infrastructure Standards to ensure new developments create healthy places to live that are climate resilient and support nature recovery.
- Embedded climate resilience into service planning across the organisation
- Developed partnerships in key catchments to build flood resilience

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

| Number of air quality monitoring locations exceeding the targeted level of Nitrogen Dioxide | Current 0 <i>Mar 26</i> | Previous 3 <i>Mar 23</i> |
|---|-------------------------------|--------------------------------|
| The number of air quality monitoring locations exceeding the NO ₂ target is 0. This continues the year-on-year improvements, as B&NES has achieved compliance with its more stringent 36µg/m ³ local target (compared to a 40 µg/m ³ target nationally). | | |

| EPC Score A-C for B&NES residential | Current 39% <i>Dec 25</i> | Previous 35% <i>Sept 24</i> |
|---|---------------------------------|-----------------------------------|
| Support is provided for home upgrades to residents via Retrofit West, the Warm Homes grant, Green Heritage Homes, and the Community Energy Network. Enforcement of minimum energy efficiency standards will support improvements in the private rented sector. New Build standards ensure new homes operate with a high level of energy efficiency. | | |

Giving People a Bigger Say

We continue to engage with our partners, communities and residents regularly in many different ways.

The Connecting Communities programme creates opportunities for local people to share their experiences, raise concerns, and help shape decisions that affect their communities.

Our new Bath Community Conversations offer residents the opportunity to speak directly with the Council about issues that matter most to them. These sessions encourage open dialogue and are supported by key partners, including the Community Wellbeing Hub, Police and Fire Services, and Curo, who attend some events to provide information and respond to questions.

This includes the Area Forums in North East Somerset, which bring together residents, Ward and Parish Councillors, and community organisations in public meetings to discuss local issues and share updates. Open to all residents, these forums provide a space to ask questions, give feedback, and stay informed, ensuring community voices are heard.

Supporting local initiatives by providing small grants that support prevention and early help, community assets and local facilities through Ward Councillors Empowerment fund and Community Contribution fund.

Rolled out improved communications and customer contact services, making it easier for residents to access council services and information. In addition, the Council continues to strengthen its partnership arrangements, through Parish Liaison, the Student Community Partnership, and the Community Wellbeing Hub, focussing on priority issues and building a collaborative way of working.

NARRATIVE REPORT

Non Financial Performance of the Council (cont.)

Focusing on Prevention

Healthy Lives & Places

During 2025–26, we and our partners took action to improve health, wellbeing and prevention:

- Celebrated the continued success of the Community Wellbeing Hub, sustaining investment to strengthen integrated, multi-agency support prioritising early help for residents. During 2025/26 we supported over 5,000 people (5,173) and received over 11,000 referrals (11,273).
- Improvements to public spaces, including refurbished parks and play areas and new and improved sports and fitness facilities.
- Installed emergency first aid and lifesaving equipment in public locations across the district.
- Supported residents to quit smoking through initiatives such as Swap to Stop, offering harm reduction alternatives.
- Continued delivery of the Joint Health and Wellbeing Strategy 2023–2030, focusing on inequalities, prevention and healthier communities.

Delivering for Young People & Children

The council has continued to prioritise support for children, young people and families:

- Secured additional funding for the Lifelong Links programme, helping children in care maintain and build supportive relationships.
- Received positive inspection outcomes and national recognition for Children’s Services and Youth Justice Services.
- Supported youth organisations and community groups to expand activities, facilities and mentoring for young people.
- Developed the Best Start in Life Plan that sets out a shared commitment to supporting babies, children and their families.
- Progressed strategic plans to reduce educational inequality and support children’s wellbeing from the early years onwards.

This work ensures children and young people are supported to thrive and reach their potential.

Here are some ways we have measured our progress:

Support for Vulnerable Adults and Children

Over the past year:

We’ve strengthened support for residents who need it most:

- Developed proposals for new special and SEND focused schools, expanding local provision for vulnerable children.
- Continue to work with carers to deliver the priorities set out in the Carers’ Strategy including providing clearer information and advice, streamlining access to carer assessments, and more co-ordinated and joined-up service.
- Continued to support refugees and people seeking sanctuary, including families from Ukraine and Afghanistan, working closely with local partners.
- Delivered employment and reablement support for adults, helping people maintain independence and return to work where possible.

Here are some ways we have measured our progress:

| Key Stage 4 Average Attainment for all pupils | Current 47.8 <i>June 26</i> | Previous 49.2 <i>Jul 24</i> |
|---|-----------------------------------|-----------------------------------|
| Indicator update This indicator is on target and above regional and national statistics. Key Stage 4 attainment is 47.8 (-3%) and remains above regional and national averages, a consistent trend over many years. | | |

| Early Years Foundation Stage Achievement Gap | Current 40% <i>Mar 26</i> | Previous 32% <i>Jul 24</i> |
|---|---------------------------------|----------------------------------|
| Indicator update The Early Years Foundation Stage Achievement Gap is 40% (+8%), with the latest results showing a reversal of the previous improvement. Further analysis is taking place across schools and trusts, which will be followed up in the Best Start in Life Steering Group. | | |

| Mental health: Adult service users in employment | Current 11% <i>Mar 26</i> | Previous 9% <i>Mar 23</i> |
|--|---------------------------------|---------------------------------|
| Mental health and employment: 11% of adult mental health service users are in employment against an 8% target (0% variance). | | |

| % of adults at home 91 days after reablement service | Current 77% <i>Mar 26</i> | Previous 77% <i>Dec 24</i> |
|---|---------------------------------|----------------------------------|
| 77% of adults are at home 91 days after reablement (target 77%, -5%), remaining broadly stable over time and in line with expectations. | | |

NARRATIVE REPORT

Non Financial Performance of the Council (cont.)

Delivering for Local Residents

Clean, Safe and Vibrant Neighbourhoods

The council has invested in maintaining and improving local neighbourhoods:

- Increased investment in street cleaning, waste services and rapid response teams to tackle litter, graffiti and weeds.
- Introduced targeted initiatives such as a chewing gum task force and trials to make recycling easier for residents.
- Progressed plans for a new recycling centre in Locksbrook Bath which is due to open this autumn.

Delivered road safety schemes and neighbourhood improvements to reduce collisions and improve street environments.

Here are some ways we have measured our progress:

More Travel Choices

Over the last year:

- 1,216 children across 43 schools have taken part in Bikeability training, 15 schools have worked towards Modeshift STARS accreditation – including national winners Chew Stoke Church School last year – and the council's Road Safety Team has delivered sessions to more than 10,300 children across the district.
- Progressed major walking, wheeling cycling and public transport projects, including Scholars' Way in Bath, Redfield Road and Clapton Midsomer Norton.
- Extended Park and Ride operating hours, supporting the evening economy and local businesses.
- Installed 20 more cycle hangars in Bath to bring the total to 41 across the district. Since introduction in 2023, the occupancy rate has been 93%.
- Supported the West of England Mayoral Combined Authority on initiatives such as Kids Go Free.
- Annual levy to West of England Mayoral Combined Authority has supported the introduction of the first electric fleet of buses.
- Launched a public live Transport Action Map, setting out more than 200 live and planned transport schemes.
- Nearly £5.1 million invested in resurfacing our roads
- £10 million highways maintenance programme, including drainage, lighting and pavements)
- Received public backing for our long-term transport vision with the Movement Strategy for Bath
- Achieved high national rankings for customer satisfaction with transport services.

The Right Homes in the Right Places

During 2025/26 we:

- Began construction on new council led affordable housing schemes, including social rent homes in Keynsham.
- Secured planning permission for major housing developments in Bath city centre and continued work at Bath Western Riverside.
- Progressed plans for new supported homes for adults with learning disabilities.
- Progressed delivery of the Housing Plan 2025–2030, setting out how affordable and high quality homes will be delivered.
- Continued the reset of the Local Plan to respond to updated national housing targets and infrastructure requirements.

Here are some ways we have measured our progress:

| % of household waste reused, recycled, composted or recovered | Current 98% <i>Mar 26</i> | Previous 94% <i>Dec 24</i> |
|--|---------------------------------|----------------------------------|
| Indicator update Waste services continue to perform well against targets at the end of March 2026. Landfill use is 2% vs a 15% target and 98% of household waste is reused, recycled, composted or recovered vs an 80% target. Average residual waste per household was 357.9kg vs a 400kg target (+2%), indicating consistently strong waste performance and gradual optimisation | | |

| Road traffic collisions resulting in personal injury | Current 326 <i>Dec 25</i> | Previous 251 <i>Dec 24</i> |
|---|---------------------------------|----------------------------------|
| The aim is to reduce the number of road traffic collisions taking place. Although there are many factors which affect the cause of collisions, the council can have a positive influence through the use of engineering measures, road safety education/training/publicity, speed restrictions and the provision of infrastructure to enable more journeys to be taken safely by wheeling, walking, cycling and public transport. | | |

| Housing delivery targets – net new homes | Current 623 <i>Mar 26</i> | Previous 712 <i>Mar 24</i> |
|--|---------------------------------|----------------------------------|
| Net new homes delivered are 623 vs a 1,501 target (-13% vs last period). B&NES has comfortably exceeded targets in previous years but the revised standard method for calculating delivery targets brought about by planning reform has raised expectations significantly. | | |

| Households in temporary accommodation | Current 79 <i>Mar 26</i> | Previous 85 <i>Mar 25</i> |
|--|--------------------------------|---------------------------------|
| There were 79 households in temporary accommodation (-7% vs last period) against a target of 79. Demand for temporary accommodation remains high locally and nationally. However, the numbers in TA have decreased over recent months to achieve our target of being in the top performing 30% of local authorities (based on recent national benchmarking). | | |

NARRATIVE REPORT

Non Financial Performance of the Council (cont.)

Preparing for the Future

Cultural Life

Over the last year:

Culture and heritage continued to play a central role in place making and economic growth:

- Secured additional funding to support the future of the Fashion Museum Bath, including digital access to collections, and Milsom Quarter public realm improvements.
- Completed major public realm improvements, including the transformation of Midsomer Norton Market Square.
- Supported major events such as the Bath Christmas Market, generating significant economic benefits for local businesses.

Jobs & Skills

We have supported residents to access better skills and job opportunities while meeting the needs of local employers. This has involved working with our partners, including the West of England Combined Authority, to improve access to skills, progression into good work, and ensuring provision reflects the needs of the local economy.

We've worked with partners to strengthen the local economy, supporting business growth, resilience and access to a skilled workforce. This includes a stronger focus on good quality jobs, fair employment and enabling local businesses to thrive.

Key achievements include:

- Supporting local businesses through engagement, advice and partnership working
- Promoting the Real Living Wage and fair employment practices through the Good Employment Charter
- Strengthening links between employers and skills provision to address workforce challenges
- Supporting key sectors, including creative, low-carbon and foundational economy businesses
- Convening partners through the Future Ambition Board, aligning economic priorities across the system
- Supporting residents into employment, including those with medium and high-intensity barriers, through targeted employment support
- Strengthened prevention activity through the Youth Trailblazer, supporting young people at risk of NEET (Not in Education Employment or Training) into education, training and employment.
- Increasing progression into Real Living Wage jobs, helping residents move into more secure and better-paid work
- Expanding access to training through skills bootcamps, tailored provision and employer-led programmes
- Strengthening employer engagement to align training with local labour market needs
- Promoting clear pathways into work through outreach, careers activity and partnership working

Here are some ways we have measured our progress:

| Median wage for B&NES residents | Current £40,448 <i>Apr 26</i> | Previous £40,218 <i>Apr 24</i> |
|--|--|---|
| Economy and income: Median resident wages have continued to increase and are £40,448 (+0.6%), higher than the UK average of £39,039, which is a positive position amid wider economic uncertainty. The Economic Strategy aims to support this further by supporting higher-value, more resilient local businesses. | | |

NARRATIVE REPORT

Corporate Risk Management

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

The Risk Management Strategy is a structured approach that is used to identify, assess, and manage risks that could potentially impact the Council's plans and operational objectives. It outlines how we will proactively address potential threats, develop mitigation plans, and monitor the effectiveness of the risk management efforts. The Risk Management Strategy is planned to be next reviewed in 2026/ 2027 post implementation of the Council's new Financial System.

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

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

Pension Fund

As required by the Local Government Pension Scheme (LGPS) Regulations 2013, an actuarial valuation of the Avon Pension Fund was carried out as at 31 March 2025. The market value of the Fund's assets at the valuation date was £5,787m. The Actuary estimated that the value of the Fund was sufficient to meet 106% of its expected future liabilities of £5,448m in respect of service completed to 31 March 2025, with a surplus of £339m. This triennial valuation set the employer contribution rates from 1 April 2026. The next triennial valuation will be as at 31st March 2028.

Pension Liabilities

The Council itself has a liability of £19.9m for future pensions costs. This is because under IAS19 the Council must account for pensions for former members of staff when the commitment is made, not when the pension is paid.

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

The decrease in 2025/26 is mainly due to gains from changes in the Actuary's assumptions in valuing the assets and liabilities, as detailed in Note 41.

Group Accounts

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

In addition, Aequus Regeneration Bath Quays LLP (LLP) (regeneration of Bath Quays) is an LLP being 99% owned by the Council direct and 1% owned by ACL.

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

Further Information

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

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



Stuart Donnelly
Director of Finance

Date: 12th June 2026

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2025/26

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

| Notes | 2024/25 Gross Exp £'000 | 2024/25 Gross Inc £'000 | 2024/25 Net Exp £'000 | Expenditure on Services | 2025/26 Gross Exp £'000 | 2025/26 Gross Inc £'000 | 2025/26 Net Exp £'000 |
|-----------|----------------------------------|----------------------------------|--------------------------------|---|----------------------------------|----------------------------------|--------------------------------|
| 48 | Restated | Restated | Restated | | | | |
| | - | (771) | (771) | Leader | - | (681) | (681) |
| | 5,343 | (1,345) | 3,998 | Sustainable Bath & North East Somerset | 6,537 | (2,164) | 4,373 |
| | 94,643 | (48,202) | 46,441 | Resources | 91,418 | (45,204) | 46,214 |
| | 21,837 | (31,120) | (9,283) | Economic & Cultural Sustainable Developm't | 25,060 | (30,488) | (5,428) |
| | 120,417 | (62,793) | 57,624 | Adult Services | 132,129 | (72,191) | 59,938 |
| | 137,976 | (94,555) | 43,421 | Children's Services | 160,375 | (103,786) | 56,589 |
| | 10,412 | (18,642) | (8,230) | Sustainable Transport Strategy | 9,005 | (18,357) | (9,352) |
| | 12,654 | (11,115) | 1,539 | Built Environment, Housing & Sustainable Dev. | 29,124 | (26,414) | 2,710 |
| | 14,930 | (8,685) | 6,245 | Communications & Community | 15,254 | (8,700) | 6,554 |
| | 26,783 | (2,752) | 24,031 | Sustainable Transport Delivery | 30,271 | (2,633) | 27,638 |
| | 444,995 | (279,980) | 165,015 | Cost of Services - continuing Operations | 499,173 | (310,618) | 188,555 |
| 9 | | | 7,739 | Other Operating Expenditure | | | 8,476 |
| 10 | | | 7,150 | Financing and Investment Income & Expenditure | | | 1,280 |
| 11 | | | (186,480) | Taxation and Non-Specific Grant Income | | | (206,984) |
| | | | (6,576) | (Surplus) or Deficit on Provision of Services | | | (8,673) |
| 24 | | | (37,158) | (Surplus) on Upward Revaluation of Non-current Assets | | | (17,082) |
| 24 | | | 5,887 | Deficit on Downward Revaluation of Non-current Assets | | | 6,862 |
| 41 | | | (43,159) | Remeasurement of the net defined benefit liability | | | (8,761) |
| | | | (74,430) | Other Comprehensive Income & Expenditure | | | (18,981) |
| | | | (81,006) | Total Comprehensive Income & Expenditure | | | (27,654) |

MOVEMENT IN RESERVES STATEMENT 2025/26

This Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the 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 the amounts chargeable to Council Tax for the year. The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year, following those adjustments.

| Current Year | Unearmarked General Fund Balance £'000 | Earmarked General Fund Balance £'000 | Total General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves (Note 23) £'000 | Unusable Reserves (Note 24) £'000 | Total Council Reserves £'000 |
|---|--|--|---|---|---|--|--|---|
| Balance at 31 March 2025 | 12,584 | 79,198 | 91,781 | 8,782 | - | 100,563 | 398,373 | 498,936 |
| Movements During 2025/26: | | | | | | | | |
| Total Comprehensive Income & Expenditure | 8,673 | - | 8,673 | - | - | 8,673 | 18,982 | 27,654 |
| Adjustments between accounting basis and funding basis under statutory provisions | (8,073) | - | (8,073) | (1,176) | 20 | (9,229) | 9,229 | - |
| Increase / (Decrease) during year | 599 | - | 599 | (1,176) | 20 | (557) | 28,211 | 27,654 |
| Transfers to / (from) earmarked reserves | (497) | 497 | - | - | - | - | - | - |
| Balance at 31 March 2026 | 12,686 | 79,695 | 92,381 | 7,606 | 20 | 100,007 | 426,584 | 526,591 |
| Comparative Year | | | | | | | | |
| | Unearmarked General Fund Balance £'000 | Earmarked General Fund Balance £'000 | Total General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves (Note 23) £'000 | Unusable Reserves (Note 24) £'000 | Total Council Reserves £'000 |
| Balance at 31 March 2024 | 12,789 | 73,652 | 86,441 | 7,711 | - | 94,152 | 332,149 | 426,301 |
| Adjustment to Opening Balance: IRFS16 Lease Transition (Note 16) | | | - | | | - | (8,370) | (8,370) |
| Movements During 2024/25: | | | | | | | | |
| Total Comprehensive Income & Expenditure | 6,576 | - | 6,576 | - | - | 6,576 | 74,430 | 81,006 |
| Adjustments between accounting basis and funding basis under statutory provisions | (1,235) | - | (1,235) | 1,071 | - | (165) | 165 | - |
| Increase / (Decrease) during year | 5,341 | - | 5,341 | 1,071 | - | 6,412 | 74,595 | 81,006 |
| Transfers to / (from) earmarked reserves | (5,545) | 5,545 | - | - | - | - | - | - |
| Balance at 31 March 2025 | 12,584 | 79,197 | 91,781 | 8,782 | - | 100,563 | 398,374 | 498,936 |

BALANCE SHEET as at 31 MARCH 2026

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

| Notes | 31 March 2025 £'000 | | 31 March 2026 £'000 |
|----------|---------------------------|--------------------------------------|---------------------------|
| 12 | 332,209 | Property, Plant & Equipment: | |
| | 3,466 | Land & Buildings | 339,339 |
| | 21,098 | Community Assets | 3,452 |
| | 53,356 | Vehicles, Plant & Equipment | 20,152 |
| | 3,571 | Assets under Construction | 71,204 |
| 15 | 155,248 | Surplus assets | 5,345 |
| 13 | 52,143 | Infrastructure | 166,053 |
| 14 | 233,005 | Heritage Assets | 52,210 |
| 15 | 306 | Investment Property | 231,888 |
| 19 | 9,035 | Intangible Assets | 165 |
| | 863,436 | Long Term Debtors | 10,530 |
| | | Long Term Assets | 900,338 |
| 17 | 7,648 | Short Term Investments | 7,808 |
| | 767 | Inventories | 848 |
| 19 | 60,903 | Short Term Debtors | 65,316 |
| 20 | 23,548 | Cash and Cash Equivalents | 22,203 |
| | - | Assets Held for Sale | - |
| | 92,866 | Current Assets | 96,175 |
| 17 | (66,686) | Short Term Borrowing | (56,441) |
| 21 | (63,377) | Short Term Creditors | (79,295) |
| 35 | (1,808) | Grants Receipts In Advance - Revenue | (2,903) |
| 35 | (25,974) | Grants Receipts In Advance - Capital | (30,553) |
| | (157,845) | Current Liabilities | (169,192) |
| 22 | (6,645) | Provisions | (4,420) |
| 17 | (212,719) | Long Term Borrowing | (236,519) |
| 21,41&42 | (52,881) | Other Long Term Liabilities | (34,156) |
| 35 | (27,276) | Grants Receipts In Advance - Capital | (25,635) |
| | (299,521) | Long Term Liabilities | (300,730) |
| | 498,936 | Net Assets | 526,591 |
| 23 | 100,563 | Usable reserves | 100,007 |
| 24 | 398,373 | Unusable Reserves | 426,584 |
| | 498,936 | Total Reserves | 526,591 |

The draft unaudited accounts were authorised for issued on 12th June 2026.



Stuart Donnelly **Director of Finance**

Date: 12th June 2026

CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash flow equivalents of the 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 resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

| | 2024/25 | See Note 25 for further details | 2025/26 |
|---|-----------------|--|-----------------|
| | £'000 | | £'000 |
| | 6,576 | Net surplus or (deficit) on the provision of services | 8,673 |
| | | Adjustment to surplus or deficit on the provision of services | |
| A | 12,366 | for non cash movements | 27,938 |
| A | <u>(34,613)</u> | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | <u>(56,053)</u> |
| | (15,672) | Operating Activities | (19,442) |
| C | (16,073) | Investing Activities | 2,921 |
| D | 31,027 | Financing Activities | 15,176 |
| | <u>(717)</u> | Net Increase/(decrease) in cash equivalents | <u>(1,345)</u> |
| E | 24,265 | Cash & cash equivalents at the beginning of the reporting period | 23,548 |
| E | 23,548 | Cash & cash equivalents at the end of the reporting period | 22,203 |

NOTES TO MAIN FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts & Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting policies. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), supported by International Financial Reporting Standards (IFRS).

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

1.2 Qualitative Characteristics of Financial Statements

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

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

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

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

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

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

1.3 Underlying Assumptions

Accruals Basis

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

Going Concern

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

Primacy of Legislation Requirements

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

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

1.4 Accruals of Income and Expenditure

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

1.5 Revenue Recognition

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

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

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

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

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

Non Domestic Rates (NDR)

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

Council Tax

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

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the 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 Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the 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.

1.7 Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

1.8 Reserves

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

1.9 Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.10 Employee Benefits

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

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

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

Post-Employment Benefits

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

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 5.8% (based on the indicative rate of return on high quality corporate bonds [all corporate bonds that have an AA rating from at least one of Moody's and S&P Global Ratings]).

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

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

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

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

Service Costs:

- Current service cost - the increase in the present value of the liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Council in the number of employees covered by a plan) - debited to the Surplus or Deficit on The Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Any gain or loss on settlement - arising when an Council enters into a transaction which eliminates all further legal or constructive obligations for part or all of the benefits provided under a Defined Benefit Plan.

Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income & Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements of the Net Defined Benefit Liability (Asset) comprising:

- the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses - changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and b) the effects of changes in actuarial assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- asset ceiling adjustment - reduces to the calculated asset ceiling if this is lower than the asset position.

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

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

Benefits Paid - payments to discharge liabilities directly to pensioners.

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

Discretionary Benefits

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

NOTES TO MAIN FINANCIAL STATEMENTS

1.11 VAT

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

1.12 Overheads and Support Services

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

1.13 Property, Plant & Equipment (excluding Infrastructure Assets)

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

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

Measurement: Assets are initially measured at cost, comprising of the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Council does not capitalise borrowing costs incurred while assets are under construction.. Assets are then carried in the Balance Sheet using the following measurement bases:

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

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

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

Non-current assets are valued in accordance with the guidance published by the Royal Institution of Chartered Surveyors. Valuations are arranged by the Council's Commercial Estate Services on an annual basis and Corporate Estate Services on a recurring, minimum 3 or 5 year basis and reviewed annually for impairment and material changes. The valuations were done on the basis of Existing Use Value, Market Value or, in the case of specialised properties, Depreciated Replacement Cost in accordance with the RICS Valuation Standards. Valuations are carried out by Wilks, Head & Eve and reviewed by staff in Commercial and Corporate Estate. The carrying value of assets in the Balance Sheet ahead of new valuations can be different due to depreciation, an assumed diminution in value, as well as new capital spend.

In line with CIPFA Bulletin 22, where assets were not revalued in year, an assessment of current value has been made by applying suitable indexation as an approximation of market changes. We selected suitable indexation in consultation with our valuers who stated that for Existing Use Value and Market Value we should use CoStar as an overall index, whereas Depreciated Replacement Cost valuations should use Building Cost Information Service(BCIS) for buildings values and Knights Frank for land valuations.

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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

Where impairment losses are identified, they are accounted for by:

- * where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains).
- * where there is no balance or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties)

by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Changes to depreciation charges to reflect revaluations and additions are made a year in arrears.

Depreciation is calculated on the following bases:

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being

NOTES TO MAIN FINANCIAL STATEMENTS

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

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

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

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account then reversed out in the Movement in Reserves Statement so there is no impact on the level of council tax.

Charges to Revenue for Property, Plant & Equipment

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

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

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

1.13a Highways Infrastructure Assets

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

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

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

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

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

1.14 Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and the capital receipts reserve.

1.15 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but values are reviewed on a recurring annual basis according to market conditions at year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

1.16 Heritage Assets

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

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

Museum Collections

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

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

Chandeliers

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

Statues and Monuments

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

Historical Buildings

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

1.17 Fair Value Measurement

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

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

NOTES TO MAIN FINANCIAL STATEMENTS

1.18 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

1.19 Cash & Cash Equivalents

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

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

1.20 Leases

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

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

The Council as Lessee

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

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

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

Initial measurement

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

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

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

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

Subsequent measurement

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

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

The liability is remeasured when:

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

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

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

1.21 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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

Financial Assets

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

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

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised costs, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Costs

Financial assets measured at amortised costs are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income & Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

NOTES TO MAIN FINANCIAL STATEMENTS

Expected Credit Loss Model

The Council recognises material expected credit losses on its financial assets held at amortised costs, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing these losses. Where risk has increased significantly since the instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis on 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurement of the financial assets are based on the following techniques:

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

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

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

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

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

1.22 Inventories and Work in Progress

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

1.23 Controlled Companies

During 2025/26 the Council had four controlled companies - Aequus Group Holdings Limited, Aequus Construction Limited, Aequus Developments Limited and Aequus Regeneration Bath Quays LLP. The turnover and assets held by Aequus Developments Ltd (ADL) and Aequus Construction Ltd. (ACL) is considered significant enough to produce Group Accounts, with further details in Note 45 below.

1.24 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but wither is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent Liabilities are not recognised in the accounting statements but disclosed by way of a note giving a brief explanation of any possible obligations and an estimate of the likely financial effect if known.

1.25 Accounting for Schools

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

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

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

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

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

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

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

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

1.26 Group Accounts

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

1.27 Joint Working Arrangements

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

1.28 Pooled Budget Arrangements

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

1.29 Events After the Reporting Period

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

- 1) those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- 2) those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.30 City Region Deal

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

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

Income

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

Expenditure

Expenditure is recognised by the Council on payments being made to the BRP. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure, and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid by the BRP.

NOTES TO MAIN FINANCIAL STATEMENTS

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2026/27 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2026. The following changes if adopted for the financial year 2025/26 are not expected to have a material effect on the Council's Statement of Accounts.

Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland - Heritage Assets

Amendments to IFRS 9 Financial Instruments & IFRS 7 Financial Instruments: Disclosures - Classification & measurement of Financial Instruments.

Amendments to IFRS 9 Financial Instruments & IFRS 7 Financial Instruments: Disclosures - Contracts referencing nature-dependant electricity.

Annual Improvements to IFRS Accounting Standards - Volume 11

These changes are not expected to have a material effect on the Council's Statement of Accounts.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Fair Value of Public Works Loan Board (PWLB) Loans

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

Pooled Budgets

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

Group Accounts

In considering whether or not to produce group accounts in line with Accounting Policy 1.26, the Council has reviewed its group activities for the 2025/26 financial year and based on the estimates of group financials for our 100% owned companies. With turnover of Aequis Construction Ltd. (ACL) of £5.144m and Aequis Developments Ltd (ADL) of £1.803m as reported in their own draft accounts, the Council consider these values to be material, and significant enough to produce Group Accounts. Further details are contained within Note 45 below.

NOTES TO MAIN FINANCIAL STATEMENTS

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

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

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

An estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Liabilities have been assessed using the projected unit credit actuarial cost method. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council's Fund being based on the latest full valuation of the scheme as at 31 March 2025. The next triennial valuation is due to be completed as at 31 March 2028.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out Note 41. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

The liability as at 31st March 2026 is £19.9m.

Investment Property / Property, Plant and Equipment Values

The Council has a large number of properties which are valued in accordance with the RICS valuation standards.

Individual valuations are undertaken to reflect material changes in circumstances affecting individual properties and properties are valued on a minimum five year basis to comply with the Code of Practice on Local Authority Accounting and indexed in line with Bulletin 22. As a consequence the balance of properties valued differs from year to year.

The Council has in accordance with CIPFA guidelines applied indexation to properties that were not valued in year as an approximation of change in market value. This was undertaken using CoStar and Building Cost Information Service (BCIS) indices and Knight Frank residential land values

The effect of 1% change in valuations would represent £2.3m change for Investment Properties (Note14), and £4m change for Property Plant and Equipment (Note 12).

5 MATERIAL ITEMS OF INCOME AND EXPENSE

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

6 EVENTS AFTER THE BALANCE SHEET DATE

The Draft Statement of Accounts was authorised for issue by the Director of Finance on 12th June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this situation.

Academy Schools

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

Paulton Junior School

NOTES TO MAIN FINANCIAL STATEMENTS

7 EXPENDITURE AND FUNDING ANALYSIS

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

| | As reported for Resource Management | Adjustment to arrive at the new amount chargeable to the General Fund Balance (Note 7a) | Net Expenditure charged to the General Fund Balance | Adjustments Between Accounting & Funding Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |
|--|---|--|--|---|---|
| 2025/26 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Leader | (1,041) | 360 | (681) | - | (681) |
| Sustainable Bath & North East Somerset | 3,887 | (174) | 3,713 | 660 | 4,373 |
| Resources | 35,001 | 9,144 | 44,145 | 2,069 | 46,214 |
| Economic & Cultural Sustainable Development | (5,201) | (1,839) | (7,040) | 1,612 | (5,428) |
| Adult Services | 61,602 | (1,380) | 60,222 | (284) | 59,938 |
| Children's Services | 55,538 | (32) | 55,506 | 1,083 | 56,589 |
| Sustainable Transport Strategy | (9,120) | (940) | (10,060) | 708 | (9,352) |
| Built Environment, Housing & Sustainable Development | 4,092 | (469) | 3,623 | (912) | 2,710 |
| Communications & Community | 6,581 | 29 | 6,610 | (56) | 6,554 |
| Sustainable Transport Delivery | 19,824 | (389) | 19,435 | 8,203 | 27,638 |
| Net Cost Of Services | 171,163 | 4,310 | 175,473 | 13,082 | 188,555 |
| Other Income & Expenditure | (161,919) | (14,155) | (176,074) | (21,154) | (197,228) |
| (Surplus) or Deficit on Provision of Services | 9,245 | (9,845) | (600) | (8,072) | (8,673) |
| Opening General Fund Balance at 31 March 2025 | | | 91,781 | | |
| Closing General Fund Balance at 31 March 2026 | | | 92,381 | | |

| | As reported for Resource Management | Adjustment to arrive at the new amount chargeable to the General Fund Balance (Note 7a) | Net Expenditure charged to the General Fund Balance | Adjustments Between Accounting & Funding Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |
|--|---|--|--|---|---|
| 2024/25 (Restated) | £'000 | £'000 | £'000 | £'000 | £'000 |
| Leader | (1,090) | 319 | (771) | - | (771) |
| Sustainable Bath & North East Somerset | 3,443 | (193) | 3,250 | 748 | 3,998 |
| Resources | 31,475 | 7,586 | 39,061 | 7,380 | 46,441 |
| Economic & Cultural Sustainable Development | (6,633) | (1,230) | (7,863) | (1,419) | (9,282) |
| Adult Services | 63,044 | (1,368) | 61,676 | (4,052) | 57,624 |
| Children's Services | 41,687 | (100) | 41,587 | 1,834 | 43,421 |
| Sustainable Transport Strategy | (9,015) | (927) | (9,942) | 1,711 | (8,230) |
| Built Environment, Housing & Sustainable Development | 2,964 | (242) | 2,722 | (1,183) | 1,539 |
| Communications & Community | 5,414 | (178) | 5,236 | 1,010 | 6,245 |
| Sustainable Transport Delivery | 18,271 | (356) | 17,915 | 6,115 | 24,031 |
| Net Cost Of Services | 149,560 | 3,311 | 152,871 | 12,144 | 165,015 |
| Other Income & Expenditure | (140,194) | (18,017) | (158,211) | (13,380) | (171,591) |
| (Surplus) or Deficit on Provision of Services | 9,366 | (14,706) | (5,340) | (1,236) | (6,576) |
| Opening General Fund Balance at 31 March 2024 | | | 86,441 | | |
| Closing General Fund Balance at 31 March 2025 | | | 91,781 | | |

NOTES TO MAIN FINANCIAL STATEMENTS

7a NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

| | Rental Income reported at Portfolio Level (a) £'000 | Other Income reported at Portfolio Level (a) £'000 | Interest Payments reported at Portfolio Level (a) £'000 | Other Payments reported at Portfolio Level (a) £'000 | Adjustments to the net amount chargeable to the General Fund £'000 |
|--|--|---|--|---|---|
| 2025/26 | | | | | |
| Leader | | 360 | | - | 360 |
| Sustainable Bath & North East Somerset | | | | (174) | (174) |
| Resources | 16,588 | 19,588 | (23,599) | (3,433) | 9,144 |
| Economic & Cultural Sustainable Development | 83 | | | (1,922) | (1,839) |
| Adult Services | | | | (1,380) | (1,380) |
| Children's Services | | | | (32) | (32) |
| Sustainable Transport Strategy | | | | (940) | (940) |
| Built Environment, Housing & Sustainable Development | | | | (469) | (469) |
| Communications & Community | | | | 29 | 29 |
| Sustainable Transport Delivery | | | | (389) | (389) |
| Net Cost of Services | 16,671 | 19,948 | (23,599) | (8,710) | 4,310 |
| Other Income & Expenditure | (16,671) | (19,948) | 11,414 | 11,050 | (14,155) |
| Surplus or Deficit | - | - | (12,185) | 2,340 | (9,845) |

| | Adjustment for capital purposes (b) £'000 | Net charges for Pension Fund adjustment (c) £'000 | Other Adjustments (d) £'000 | Total Adjustments Between Funding & Accounting Basis £'000 |
|--|--|--|--------------------------------|---|
| Leader | - | - | - | - |
| Sustainable Bath & North East Somerset | 660 | - | - | 660 |
| Resources | (10,000) | (2,402) | 14,471 | 2,069 |
| Economic & Cultural Sustainable Development | 2,933 | (1,323) | 2 | 1,612 |
| Adult Services | 2,082 | (2,368) | 2 | (284) |
| Children's Services | 3,258 | (2,161) | (14) | 1,083 |
| Sustainable Transport Strategy | 1,404 | (699) | 3 | 708 |
| Built Environment, Housing & Sustainable Development | (303) | (612) | 3 | (912) |
| Communications & Community | 200 | (256) | - | (56) |
| Sustainable Transport Delivery | 9,168 | (965) | - | 8,203 |
| Net Cost of Services | 9,403 | (10,787) | 14,466 | 13,082 |
| Other Income & Expenditure | (28,391) | 1,449 | 5,787 | (21,154) |
| Surplus or Deficit | (18,988) | (9,338) | 20,253 | (8,072) |

NOTES TO MAIN FINANCIAL STATEMENTS

| 2024/25 (Restated) | Rental Income reported at Portfolio Level (a) £'000 | Other Income reported at Portfolio Level (a) £'000 | Interest Payments reported at Portfolio Level (a) £'000 | Other Payments reported at Portfolio Level (a) £'000 | Adjustments to the net amount chargeable to the General Fund £'000 |
|--|--|---|--|---|---|
| Leader | | 319 | | - | 319 |
| Sustainable Bath & North East Somerset | | | | (193) | (193) |
| Resources | 16,249 | 21,991 | (22,185) | (8,469) | 7,586 |
| Economic & Cultural Sustainable Development | 244 | | | (1,474) | (1,230) |
| Adult Services | | | | (1,368) | (1,368) |
| Children's Services | | | | (100) | (100) |
| Sustainable Transport Strategy | | | | (927) | (927) |
| Built Environment, Housing & Sustainable Development | | | | (242) | (242) |
| Communications & Community | | | | (178) | (178) |
| Sustainable Transport Delivery | | | | (356) | (356) |
| Net Cost of Services | 16,493 | 22,310 | (22,185) | (13,307) | 3,311 |
| Other Income & Expenditure | (16,493) | (22,310) | 10,236 | 10,550 | (18,017) |
| Surplus or Deficit | - | - | (11,949) | (2,757) | (14,706) |

| | Adjustment for capital purposes (b) £'000 | Net charges for Pension Fund adjustment (c) £'000 | Other Adjustments (d) £'000 | Total Adjustments Between Funding & Accounting Basis £'000 |
|--|--|--|--------------------------------|---|
| Leader | - | - | - | - |
| Sustainable Bath & North East Somerset | 748 | - | - | 748 |
| Resources | (6,364) | (1,684) | 15,427 | 7,380 |
| Economic & Cultural Sustainable Development | (857) | (564) | 2 | (1,419) |
| Adult Services | (2,978) | (1,076) | 2 | (4,052) |
| Children's Services | 2,815 | (977) | (4) | 1,834 |
| Sustainable Transport Strategy | 2,090 | (381) | 2 | 1,711 |
| Built Environment, Housing & Sustainable Development | (960) | (225) | 2 | (1,183) |
| Communications & Community | 1,131 | (121) | - | 1,010 |
| Sustainable Transport Delivery | 6,578 | (463) | - | 6,115 |
| Net Cost of Services | 2,203 | (5,490) | 15,431 | 12,145 |
| Other Income & Expenditure | (13,493) | 3,493 | (3,380) | (13,380) |
| Surplus or Deficit | (11,290) | (1,997) | 12,051 | (1,235) |

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

| 2025/26 | General Fund Balance £'000's | Usable Reserves Capital Receipts Reserve £'000's | Capital Grants Unapplied £'000's | Movement in Unusable Reserves £'000's |
|---|---------------------------------|--|-------------------------------------|--|
| Adjustments primarily involving the Capital Adjustment Account: | | | | |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement: | | | | |
| Charges for depreciation of Non-Current Assets | 17,960 | | | (17,960) |
| Revaluation gains / Impairments on Property Plant & Equipment | 5,819 | | | (5,819) |
| Movements in the Market Value of Investment Properties | 6,950 | | | (6,950) |
| Amortisation of Intangible Assets | 146 | | | (146) |
| Capital Grants & contributions applied | (19,163) | | | 19,163 |
| Revenue expenditure funded from Capital under Statute | 19,671 | | | (19,671) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement | 1,551 | | | (1,551) |
| Impairment allowance for capital expenditure loans | - | | | - |
| Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement: | | | | |
| Statutory provision for the financing of capital investment expenditure charged against the General Fund | (11,814) | | | 11,814 |
| Principal repayment of Avon Loan | (371) | | | 371 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement | (33,750) | | 33,750 | |
| Application of grants to capital financing transferred to the Capital Adjustment Account | | | (33,730) | 33,730 |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (3,142) | 3,142 | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | (4,325) | | 4,325 |
| Capital expenditure financed from revenue | (2,845) | | | 2,845 |
| Contributions from the capital receipts reserve to finance payments to the Government capital receipts pool | - | - | | |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash | | 7 | | (7) |
| Adjustments primarily involving the Deferred Capital Receipts Reserve: | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | | | - |
| Adjustments primarily involving the Financial Instruments Adjustment Account: | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements | (169) | | | 169 |
| Adjustments primarily involving the Dedicated Schools Grant Adjustment Account: | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements | 13,717 | | | (13,717) |
| Adjustments primarily involving the Pooled Fund Adjustment Account | | | | |
| Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement is different from that calculated for the year in accordance with statutory requirements. | (152) | | | 152 |
| Adjustments primarily involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement | 14,496 | | | (14,496) |
| Employer's pensions contribution and direct payments to pensioners payable in the year | (23,834) | | | 23,834 |
| Adjustments primarily involving the Collection Fund Adjustment Account: | | | | |
| Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements | 6,858 | | | (6,858) |
| Adjustments primarily involving the Accumulated Absences Account: | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (1) | | | 1 |
| Other movements | - | | | - |
| Total Adjustments | (8,073) | (1,176) | 20 | 9,229 |

NOTES TO MAIN FINANCIAL STATEMENTS

2024/25

| | General Fund Balance £'000's | Usable Reserves Capital Receipts Reserve £'000's | Capital Grants Unapplied £'000's | Movement in Unusable Reserves £'000's |
|---|---------------------------------------|--|---|--|
| Adjustments primarily involving the Capital Adjustment Account: | | | | |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement: | | | | |
| Charges for depreciation of Non-Current Assets | 17,188 | | | (17,188) |
| Revaluation gains / Impairments on Property Plant & Equipment | (3,533) | | | 3,533 |
| Movements in the Market Value of Investment Properties | 11,217 | | | (11,217) |
| Amortisation of Intangible Assets | 178 | | | (178) |
| Capital Grants & Contributions Applied | (7,881) | | | 7,881 |
| Revenue expenditure funded from Capital under Statute | 9,596 | | | (9,596) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement | 2,021 | | | (2,021) |
| Impairment allowance for capital expenditure loans | (5) | | | 5 |
| Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement: | | | | |
| Statutory provision for the financing of capital investment expenditure charged against the General Fund | (11,563) | | | 11,563 |
| Principal repayment of Avon Loan | (387) | | | 387 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement | (23,232) | | 23,232 | |
| Application of grants to capital financing transferred to the Capital Adjustment Account | | | (23,232) | 23,232 |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (3,499) | 3,499 | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | (2,436) | | 2,436 |
| Capital expenditure financed from revenue | (1,389) | | | 1,389 |
| Contributions from the capital receipts reserve to finance payments to the Government capital receipts pool | - | - | | |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash | | 8 | | (8) |
| Adjustments primarily involving the Deferred Capital Receipts Reserve: | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | | | - |
| Adjustments primarily involving the Financial Instruments Adjustment Account: | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements | (170) | | | 170 |
| Adjustments primarily involving the Dedicated Schools Grant Adjustment Account: | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements | 10,532 | | | (10,532) |
| Adjustments primarily involving the Pooled Fund Adjustment Account: | | | | |
| Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement is different from that calculated for the year in accordance with statutory requirements. | 140 | | | (140) |
| Adjustments primarily involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement | 20,055 | | | (20,055) |
| Employer's pensions contribution and direct payments to pensioners payable in the year | (22,052) | | | 22,052 |
| Adjustments primarily involving the Collection Fund Adjustment Account: | | | | |
| Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements | 1,649 | | | (1,649) |
| Adjustments primarily involving the Accumulated Absences Account: | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 6 | | | (6) |
| Other movements | (107) | | | 107 |
| Total Adjustments | (1,235) | 1,071 | - | 164 |

NOTES TO MAIN FINANCIAL STATEMENTS

9 OTHER OPERATING EXPENDITURE

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| (Gain) / Loss on disposal of non-current assets | (1,447) | (1,486) |
| Parish Precepts | 4,195 | 3,763 |
| Levy payments to joint bodies | 5,728 | 5,462 |
| | <u>8,476</u> | <u>7,739</u> |

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Interest Payable & Premiums | 11,414 | 10,236 |
| Interest & Investment Income | (2,357) | (2,341) |
| Net Deficit/(Surplus) on Trading Services | (568) | (442) |
| Income & expenditure in relation to Investment properties and changes in fair value | (8,507) | (3,931) |
| Impairment of Financial Instruments | - | (5) |
| Loss / (Gain) on Financial Instruments carried at Fair Value through Profit or Loss | (151) | 140 |
| Net Interest on the Net Defined Benefit Liability (Asset) | 1,449 | 3,493 |
| | <u>1,280</u> | <u>7,150</u> |

11 TAXATION AND NON-SPECIFIC GRANT INCOME

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Council Tax Income | (133,367) | (123,968) |
| Non-Domestic Rates Income & Expenditure | (22,296) | (19,204) |
| Non-ringfenced Government grants | (17,591) | (19,969) |
| Capital grants and contributions & Donated Assets | (33,730) | (23,339) |
| | <u>(206,984)</u> | <u>(186,480)</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

12 PROPERTY, PLANT & EQUIPMENT

Movement in 2025/26:

| | Other Land & Buildings * | Community Assets | Veh'cls, Plant & Equipment * | Assets Under Construction | Surplus Assets | Heritage Assets | Total Property, Plant & Equipment (excl. Infrastructure) |
|---|-----------------------------|---------------------|---------------------------------|------------------------------|-------------------|--------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation as at 1 April 2025 | 334,832 | 3,466 | 51,666 | 53,356 | 3,571 | 52,143 | 499,034 |
| Additions | 7,463 | 22 | 3,750 | 25,121 | 18 | - | 36,374 |
| Revaluations increases/(decreases) recognised in the Revaluation Reserve | 2,936 | - | - | - | 1,887 | 67 | 4,890 |
| Revaluations increases/(decreases) recognised in the Surplus/Deficit on Provision of Services | (6,635) | - | - | - | (34) | - | (6,669) |
| De-recognition - Disposals | (471) | - | (1,580) | - | (97) | - | (2,148) |
| Assets reclassified to/from Held for sale | - | - | - | - | - | - | - |
| Reclassifications - other | 3,554 | (36) | 52 | (7,273) | - | - | (3,703) |
| Other Movements | - | - | - | - | - | - | - |
| Valuation as at 31 March 2026 | 341,679 | 3,452 | 53,888 | 71,204 | 5,345 | 52,210 | 527,778 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Accumulated depreciation as at 1 April 2025 | (2,624) | - | (30,567) | - | - | - | (33,191) |
| Adjustment to opening balance | - | - | - | - | - | - | - |
| Depreciation charge in year | (5,938) | - | (4,619) | - | - | - | (10,557) |
| Depreciation written out to the Revaluation Reserve | 5,329 | - | - | - | - | - | 5,329 |
| Depreciation written out to the Surplus/Deficit on Provision of Services | 850 | - | - | - | - | - | 850 |
| Impairment losses/(reversals) recognised in the Revaluation Reserve | - | - | - | - | - | - | - |
| Impairment losses/(reversals) recognised in the Surplus/deficit on Provision of Services* | - | - | - | - | - | - | - |
| De-recognition - disposals | 43 | - | 1,451 | - | - | - | 1,494 |
| Other Movements in Depreciation & Impairment | - | - | - | - | - | - | - |
| Accumulated depreciation at 31 March 2026 | (2,340) | - | (33,735) | - | - | - | (36,075) |
| Balance sheet amount 31 March 2026 | 339,339 | 3,452 | 20,152 | 71,204 | 5,345 | 52,210 | 491,702 |

* These balances include Right of Use Assets, as detailed further in Note 16.

| Gross Book Value(GBV) of Fixed Asset | | | | | | |
|---|----------------|--------------|---------------|---------------|--------------|----------------|
| Carried at Historic Cost | 412 | 3,452 | 52,630 | 71,204 | 0 | 127,698 |
| Heritage Valuations (Insurance or Curatorial) | | | | | | 52,210 |
| Leased Assets @ Fair Value | 5,361 | | 1,258 | | | 6,619 |
| Property Valuations: | | | | | | |
| Valuations undertaken in year | 35,474 | | | | 2,632 | 38,106 |
| Non-updated valuations With indexation applied: | | | | | | - |
| BCIS (Building Cost Information Service) for specialist buildings | 102,674 | | | | | |
| CoStar for general existing use properties | 56,368 | | | | | |
| Knights Frank for land | 41,965 | | | | 2,713 | |
| Assets with no applicable index available* | 99,426 | | | | | 99,426 |
| Total Cost or Valuation | 341,679 | 3,452 | 53,888 | 71,204 | 5,345 | 324,058 |

*These properties usually relate to valuations reflecting significant income generation including Roman Baths and Pump Rooms and large city centre car parks

| | Average Change % | Valuation Change £'000 |
|--|-----------------------------|---------------------------------------|
| Building Cost Information Service (BCIS) | 2.99 | 2,983 |
| CoStar | 3.74 | 2,095 |
| Knights Frank | (1.00) | (315) |
| | 3.58 | 4,763 |

NOTES TO MAIN FINANCIAL STATEMENTS

Comparative Movements in 2024:25:

| | Other Land & Buildings * | Community Assets | Veh'cls, Plant & Equipment * | Assets Under Construction | Surplus Assets | Heritage Assets | Total Property, Plant & Equipment (excl. Infrastructure) |
|---|-----------------------------|---------------------|---------------------------------|------------------------------|-------------------|--------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Cost or valuation as at 1 April 2024 | 305,607 | 4,874 | 50,747 | 40,274 | 3,429 | 48,564 | 453,495 |
| Adjustment to opening balance | (2,427) | - | 507 | - | (4) | - | (1,924) |
| Additions | 6,407 | 12 | 3,944 | 13,703 | 18 | - | 24,084 |
| Revaluations increases/(decreases) recognised in the Revaluation Reserve | 23,874 | - | - | - | 127 | 3,579 | 27,580 |
| Revaluations increases/(decreases) recognised in the Surplus/Deficit on Provision of Services | 2,733 | - | - | - | - | - | 2,733 |
| De-recognition - Disposals | (1,309) | - | (4,004) | - | - | - | (5,313) |
| Assets reclassified to/from Held for sale | - | - | - | - | - | - | - |
| Reclassifications - other | (53) | (1,420) | 471 | (622) | - | - | (1,624) |
| Other Movements | - | - | - | - | - | - | - |
| Valuation as at 31 March 2025 | 334,832 | 3,466 | 51,666 | 53,356 | 3,571 | 52,143 | 499,034 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Accumulated depreciation as at 1 April 2024 | (2,104) | - | (28,823) | - | - | - | (30,928) |
| Adjustment to opening balance | 18 | - | - | - | - | - | 18 |
| Depreciation charge in year | (4,995) | - | (5,507) | - | - | - | (10,502) |
| Depreciation written out to the Revaluation Reserve | 3,690 | - | - | - | - | - | 3,690 |
| Depreciation written out to the Surplus/Deficit on Provision of Services | 766 | - | 34 | - | - | - | 800 |
| Impairment losses/(reversals) recognised in the Revaluation Reserve | - | - | - | - | - | - | - |
| Impairment losses/(reversals) recognised in the Surplus/deficit on Provision of Services | - | - | - | - | - | - | - |
| De-recognition - disposals | 2 | - | 3,729 | - | - | - | 3,731 |
| Other Movements in Depreciation & Impairment | - | - | - | - | - | - | - |
| Accumulated depreciation at 31 March 2025 | (2,624) | - | (30,567) | - | - | - | (33,191) |
| Balance sheet amount 31 March 2025 | 332,209 | 3,466 | 21,098 | 53,356 | 3,571 | 52,143 | 465,843 |

* These balances include Right of Use Assets, as detailed further in Note 16.

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

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

Depreciation

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

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

Revaluations

The Council carries out an annual valuation programme that ensures all PPE required to be measured, which excludes leases in assets. Every assets must be valued at least every five years, along with revaluations if material changes have occurred. New valuations undertaken in 2025/26 were carried out to the value of £38.1m. Along with existing valid valuations, appropriately indexed, acquisitions and disposals this gives a total valuation of Properties of £347.0m, being both other Land and Building and Surplus Assets. All valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, being all Level 2 in the hierarchy outlined in policy 1.17.

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

Capital Commitments

At 31 March 2026 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years estimated to cost £18.263m
These are detailed below:

| | 2025/26 | 2024/25 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Bath Western Riverside Phase 2 | 76 | 17,279 |
| Bath Quays | 348 | 985 |
| Clean Air Zone | - | 44 |
| Cleveland Bridge | 173 | 69 |
| Cycling and Walking Schemes | 232 | 284 |
| Education & Children's Services | 696 | 638 |
| Expansion of St Keyna Primary School | 90 | 1,947 |
| Green Infrastructure incl. Parks & Allotments | 213 | 230 |
| Keynsham Reuse and Recycling Centre | 32 | 113 |
| Liveable Neighbourhoods | 446 | 280 |
| Odd Down Sports Ground & Other Leisure | 165 | 238 |
| Resources (Property) Schemes | 6,305 | 2,696 |
| Social Rent Programme | 1,128 | 5,744 |
| Somer Valley Enterprise Zone | 318 | 1,408 |
| Waste incl. Cleaning Vehicles | 5,962 | 198 |
| Other | 2,079 | 1,282 |
| Total | 18,263 | 33,435 |

13 HERITAGE ASSETS

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

| 2025/26 | Victoria Art Gallery | Roman Baths | Fashion Museum | Chandeliers | Records Office | Library | Total |
|--|-------------------------|----------------|-------------------|--------------|-------------------|--------------|---------------|
| Cost or Valuation | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 1st April | 19,532 | 10,063 | 12,297 | 2,000 | 5,440 | 2,811 | 52,143 |
| Additions | | | | | | | - |
| Disposals | | | | | | | - |
| Revaluations | | 7 | 60 | | | | 67 |
| Impairment Losses/(reversals) recognised in the Revaluation Reserve | | | | | | | - |
| Impairment Losses/(reversals) recognised in the Surplus or Deficit on Provision of Service | | | | | | | - |
| 31st March | 19,539 | 10,063 | 12,357 | 2,000 | 5,440 | 2,811 | 52,210 |

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

| 2024/25 | Victoria Art Gallery | Roman Baths | Fashion Museum | Chandeliers | Records Office | Library | Total |
|-------------------|-------------------------|----------------|-------------------|--------------|-------------------|--------------|---------------|
| Cost or Valuation | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 1st April | 16,050 | 10,063 | 12,200 | 2,000 | 5,440 | 2,811 | 48,564 |
| Additions | | | | | | | - |
| Revaluations | 3,482 | | 97 | | | | 3,579 |
| 31st March | 19,532 | 10,063 | 12,297 | 2,000 | 5,440 | 2,811 | 52,143 |

NOTES TO MAIN FINANCIAL STATEMENTS

14 INVESTMENT PROPERTIES

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

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Rental Income from Investment Property | (16,671) | (16,493) |
| Direct operating expenses arising from Investment Property | 1,214 | 1,345 |
| Net gain/(loss) | <u>(15,457)</u> | <u>(15,148)</u> |

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 repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties (including Right of Use Assets, as detailed further in Note 16) over the year.

| | 2025/26 £'000 | 2024/25 £'000 |
|--|-----------------------|-----------------------|
| Balance at start of year | 233,005 | 242,016 |
| Adjustment to opening balance | - | (549) |
| Additions of expenditure | 6,713 | 2,963 |
| Disposals | (1,046) | (439) |
| Net gains/(losses) from fair value adjustments | (6,950) | (11,217) |
| Transfer (to)/from Property, Plant & Equipment | 167 | 231 |
| Other Movements | - | - |
| Balance at end of the year | <u>231,888</u> | <u>233,005</u> |

The Council carries out annual valuations of all investment properties. The valuer's report identified a total valuation of £231.9m, being all Level 2 in the hierarchy outlined in policy 1.17. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

15 INFRASTRUCTURE ASSETS

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

| | 2025/26 £'000 | 2024/25 £'000 |
|-----------------------------------|-----------------------|------------------|
| Net book Value at 1 April | 155,248 | 144,297 |
| Adjustment to opening balance | - | - |
| Additions | 14,670 | 16,244 |
| Depreciation | (7,403) | (6,686) |
| Impairment | - | - |
| Reclassifications | 3,538 | 1,394 |
| Other Movements | - | - |
| Net book Value at 31 March | <u>166,053</u> | <u>155,248</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

16 LEASES

Council as Lessee

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

- Bath Leisure Centre: this lease started on 1 April 2014 for a period of 55 years. The annual rent is subject to review on every fourth anniversary of the start date, and is varied in line with the All Items index value of the RPI at the reference month. The current asset value is £3.167m

Right-of-use assets

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

| | Land & buildings | Investment Properties | Vehicles Plant & Equipment | Total |
|---------------------------------|------------------|-----------------------|----------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2025 | 10,465 | 3,386 | 778 | 14,629 |
| Additions | 1 | - | 398 | 399 |
| Revaluations | (360) | 144 | - | (216) |
| Depreciation & amortisation | (600) | - | (310) | (910) |
| Disposals | (67) | - | (121) | (188) |
| Disposal - write back of depre | 40 | - | 44 | 84 |
| Balance at 31 March 2026 | 9,480 | 3,530 | 789 | 13,799 |

Revaluations were carried out on either 31st December 2025 or 31st March 2026 by external valuers in line with RICS practice notice - IFRS 16 Principles for UK Real Estate Professional, published in March 2022.

Transactions under leases

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

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Comprehensive income and expenditure statement | | |
| Interest expense on lease liabilities | 481 | 420 |
| Expense relating to short-term leases | 504 | 460 |
| Expense relating to exempt leases of low-value items | 218 | 215 |
| Income from subletting right-of-use assets | (191) | (208) |
| | <u>1,012</u> | <u>887</u> |
| Cash Flow Statement | | |
| Minimum Lease Payments | 1,059 | 840 |

Maturity analysis of lease liabilities

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

| | Finance Leases | | Exempt Leases * | |
|---|----------------|---------------|-----------------|------------|
| | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Not later than one year | 1,047 | 983 | 201 | 208 |
| Later than one year and not later than five years | 2,353 | 2,961 | 196 | 367 |
| Later than five years | 7,519 | 7,816 | - | - |
| | <u>10,919</u> | <u>11,760</u> | <u>397</u> | <u>575</u> |

* Exempt leases include those less than 365 days in length, and those with an asset value below £10,000

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

Council as Lessor

Transactions under leases

The Council has 37 finance leases, these are all on nil consideration or peppercorn so there is no income to report.

| | 2025/26 £'000 | 2024/25 £'000 |
|-------------------------|------------------|------------------|
| Operating Leases | | |
| Investment Properties | 16,671 | 16,493 |
| Other Land & Buildings | 1,547 | 1,451 |
| | <u>18,218</u> | <u>17,944</u> |

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

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Not later than one year | 15,575 | 15,968 |
| Later than one year and not later than five years | 44,700 | 44,113 |
| Later than five years | 134,495 | 136,507 |
| | <u>194,770</u> | <u>196,588</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

17 FINANCIAL INSTRUMENTS

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

| | Long-Term | | Current | |
|---|----------------|----------------|---------------|---------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2025 | 2026 | 2025 | 2026 |
| | £'000 | £'000 | £'000 | £'000 |
| Financial liabilities at amortised cost - loans | 210,903 | 267,164 | 65,000 | 55,000 |
| Accrued Interest (1) | - | - | 3,501 | 3,796 |
| Financial liabilities at amortised cost trade creditors | - | - | 17,888 | 25,335 |
| Total borrowings | 210,903 | 267,164 | 86,389 | 84,131 |
| Lease Liabilities included in other long term Liabilities & creditors | 5,995 | 5,725 | 680 | 619 |
| Other Long Term Liabilities | 5,995 | 5,725 | 680 | 619 |

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

| | 31 March | | 31 March | |
|---|--------------|--------------|---------------|---------------|
| | 2025 | 2026 | 2025 | 2026 |
| | £'000 | £'000 | £'000 | £'000 |
| Financial assets held at amortised cost * | - | - | 22,600 | 21,300 |
| Accrued Interest (1) * | - | - | 194 | 206 |
| Financial assets held at fair value through profit and loss | - | - | 7,553 | 7,704 |
| Cash | - | - | 849 | 801 |
| Loans & receivables - Loans | 6,909 | 7,814 | 67 | 56 |
| Loans & receivables - trade debtors | - | - | 11,915 | 16,603 |
| Total Investments | 6,909 | 7,814 | 43,178 | 46,670 |

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

* The "Financial assets held at amortised cost" and "accrued interest" figures above include those short-term investments classed as Cash Equivalents, as detailed in Note 20. Cash Equivalents equated to £21.402m as at 31st March 2026, with the remaining £0.102m being short term investments. (£22.699m Cash Equivalents as at 31st March 2025, with £0.099m being short term investments).

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

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

Financial Instruments Income, Expense, Gains & Losses

| | Financial Assets & Liabilities | | | Financial Assets & Liabilities | | |
|---|--------------------------------|------------------|----------------|--------------------------------|------------------|-----------------|
| | at Fair Value | | | at Fair Value | | |
| | measured at | through Profit & | Total | measured at | through Profit & | Total |
| 31 March | 31 March | 31 March | 31 March | 31 March | 31 March | |
| 2025 | 2025 | 2025 | 2026 | 2026 | 2026 | |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Interest Expense * | (9,312) | - | (9,312) | (10,453) | - | (10,453) |
| Interest on Leases | (422) | - | (422) | (481) | - | (481) |
| Impairment Losses | - | 5 | 5 | - | - | - |
| Premium on Early Repayment of Debt | - | - | - | - | - | - |
| Interest Payable & Similar Charges | (9,734) | 5 | (9,729) | (10,934) | - | (10,934) |
| Interest Income | 1,916 | 425 | 2,341 | 2,034 | 323 | 2,357 |
| Interest & investment Income | 1,916 | 425 | 2,341 | 2,034 | 323 | 2,357 |
| Net Gain / (Loss) on Financial Assets Measured at Fair Value Through Profit or Loss | - | (140) | (140) | - | 151 | 151 |
| Total Net gain/(loss) for the Year | - | (140) | (140) | - | 151 | 151 |
| Total Net Income, Expense, Gains & Losses | (7,818) | 290 | (7,528) | (8,900) | 474 | (8,426) |

* The Council also paid £0.851m (of which £0.371m related to principal), in respect of its share of debt relating to the former Avon County Council which is managed by Bristol City Council.

NOTES TO MAIN FINANCIAL STATEMENTS

Fair value of assets and liabilities carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

| | Fair Value Level | 31 March 2025 | | 31 March 2026 | |
|---|------------------|--------------------------|---------------------|--------------------------|---------------------|
| | | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 |
| <i>Financial liabilities held at amortised cost:</i> | | | | | |
| Financial Liabilities - PWLB Loans (Long Term Borrowing) | 2 | 202,313 | 161,801 | 226,116 | 186,209 |
| Financial Liabilities - Market Loans (Long Term Borrowing) | 2 | 10,406 | 11,047 | 10,403 | 10,925 |
| Total | | 212,719 | 172,848 | 236,519 | 197,134 |
| <i>Liabilities for which fair values are not disclosed:</i> | | | | | |
| Financial Liabilities - PWLB Loans (Short Term Borrowing) | | 30,606 | | 0 | |
| Financial Liabilities - Local & Police Authority Loans (Short Term Borrowing) | | 36,080 | | 56,441 | |
| Financial Liabilities - trade creditors (see Note 21) | | 17,888 | | 25,335 | |
| Total Financial Liabilities | | 297,293 | | 318,295 | |

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

The fair value as at 31st March 2026 on the Council's portfolio of loans is lower than the carrying amount because the interest rate payable is lower than prevailing rate at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders below current market rates.

| | Fair value Level | 31 March 2025 | | 31 March 2026 | |
|--|------------------|--------------------------|---------------------|--------------------------|---------------------|
| | | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 |
| <i>Financial assets held at fair value:</i> | | | | | |
| Strategic Investment funds | 2 | 7,553 | 7,553 | 7,704 | 7,704 |
| <i>Financial assets held at amortised cost:</i> | | | | | |
| Money market funds and S/Term deposits | 1 | 22,600 | 22,100 | 21,300 | 22,100 |
| Total | | 30,153 | 29,653 | 29,004 | 29,804 |
| <i>Assets for which fair value is not disclosed:</i> | | | | | |
| Accrued Interest | | 194 | | 206 | |
| Cash | | 849 | | 801 | |
| Loans & receivables - Loans | | 6,976 | | 7,870 | |
| Loans & Receivables - trade debtors (see Note 19) | | 11,915 | | 16,603 | |
| Total Financial Assets | | 50,087 | | 54,484 | |

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

NOTES TO MAIN FINANCIAL STATEMENTS

18 NATURE & EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Disclosure of nature and extent of risks arising from financial instruments

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

- * credit risk - the possibility that other parties might fail to pay amounts due to the Council
- * liquidity and refinancing risk - the possibility that the Council might not have funds available, or that it may have to borrow funds at a high rate of interest, to meet its financial obligations.
- * market risk - the possibility that changes in market variables such as interest rates and asset prices may place an unexpected burden on the Council's finances.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk interest rate risk and investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The Council's approved Treasury Management Strategy for 2025/26 sets the minimum credit ratings for the banks and financial institutions with which deposits can be made. The minimum credit ratings were Long Term rating A- or equivalent for UK banks and Foreign banks. The Council also set additional criteria in relation to the time limit and amount of monies which will be invested with financial institutions based on the level of their credit rating with a maximum lending limit of £10m restricted to UK banks and foreign banks. For operational reasons, the Treasury Management Strategy for 2025/26 permitted the overnight use of the Council's current bank account provider (NatWest), subject to maintaining a credit rating of not lower than BBB-.

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

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

IFRS9 Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, and adjusted for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. At 31st March 2026, the value of the loss allowances related to treasury investments was £0k. (2024/25 £20k).

In furtherance of the Council's service objectives, it has lent money to the various companies as set out in the table below. The Council manages the credit risk inherent in its loans in line with its published Investment Strategy, and IFRS9 loss allowances have been calculated by reference to the possibility of default in next 12 months using an interest rate margin approach. No material loans were written off to the Surplus or Deficit on the Provision of Services in 2025/26.

| | Aequus Development Limited | Aequus Construction Limited | Aequus Working Capital | Other Loans | Totals |
|---|----------------------------------|-----------------------------------|---------------------------|-------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Loans Brought Forward | 6,932 | - | - | 69 | 7,001 |
| New Loan Issued (*) | 290 | 500 | 150 | - | 940 |
| Repayments | (37) | - | - | (9) | (46) |
| Loans Balance at 31st March 2026 | 7,185 | 500 | 150 | 60 | 7,895 |
| Cumulative IFRS 9 Loan Impairments at 31st March 2026 | (25) | - | - | (1) | (26) |

NOTES TO MAIN FINANCIAL STATEMENTS

| | 2026 £'000 | 2025 £'000 |
|---|---------------|---------------|
| Trade Debtors | 16,603 | 11,915 |
| Total debtors at 31st March (including trade debtors) | 65,316 | 60,903 |

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

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

The Council does not generally allow credit for customers, such that the balance of £16.6m outstanding at 31st March 2026 is all past its due date for payment.

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

| | 31 March 2026 £'000's | 31 March 2025 £'000's |
|------------------------|-----------------------------|-----------------------------|
| Less than three months | 12,029 | 8,160 |
| Three to six months | 815 | 798 |
| Six months to one year | 812 | 800 |
| More than one year | 2,947 | 2,157 |
| | <u>16,603</u> | <u>11,915</u> |

The following table provides analysis of investment balances (including accrued interest) as at 31st March by the country of the counterparty.

If the financial institution is part of a group, the country is assessed by the parent financial institution.

| | Amount at 31 March 2026 | | Amount at 31 March 2025 | |
|--|----------------------------|-------------|----------------------------|-------------|
| | £'000's | % | £'000's | % |
| Loans & Receivables (Cash on Deposit) by Country Analysis | | | | |
| UK Debt Management Office | - | 0.0% | - | 0.0% |
| UK Local Authorities | - | 0.0% | - | 0.0% |
| UK - Other Financial Institutions | 21,403 | 73.3% | 22,699 | 74.8% |
| Pooled funds not subject to credit risk | 7,808 | 26.7% | 7,648 | 25.2% |
| Total | <u>29,211</u> | <u>100%</u> | <u>30,347</u> | <u>100%</u> |

Liquidity and Refinancing Risk

As the Council has ready access to borrowing from both the money market and the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The risk is managed by maintaining a spread of fixed interest rate loans and ensuring that not more than 30% of loans are due to mature within 12 months, this is in line with the Treasury Management Strategy and is managed by careful planning when new loans are taken out or any debt restructuring takes place.

The maturity analysis of borrowing is as follows:

| | 31 March 2025 £'000 | 31 March 2026 £'000 |
|------------------------------|---------------------------|---------------------------|
| Borrowing due for repayment: | | |
| Under 1 year * | 75,190 | 65,187 |
| Between 1 and 2 years | - | - |
| Between 2 and 5 years | 10,000 | 24,102 |
| Between 5 and 10 years | 20,300 | 39,904 |
| Between 10 and 15 years | 31,057 | 24,646 |
| Between 15 and 20 years | 71,622 | 68,300 |
| Between 20 and 25 years | 8,311 | 8,044 |
| Between 25 and 30 years | - | - |
| Between 30 and 35 years | 5,000 | 20,000 |
| Between 35 and 40 years | 20,000 | 5,000 |
| Between 40 and 45 years | 34,423 | 33,982 |
| Between 45 and 50 years | 0 | 0 |
| | <u>275,903</u> | <u>289,165</u> |

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

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

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

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

The Council has a target to have at least £15m of liquid investments to meet unexpected payments with in a rolling three month period. As at 31 March 2026 the balance of liquid cash held was £21.3m (31 March 2025 £22.6m).

NOTES TO MAIN FINANCIAL STATEMENTS

Market Risk

Interest Rate Risk

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

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

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

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

For indication purposes, at 31st March 2026, if interest rates had varied by 1% with all other variables held constant, the financial effect would be:

| | Rise £'000 | Fall £'000 |
|--|-----------------|---------------|
| Increase / Decrease in interest payable on variable rate borrowings | 476 | (378) |
| Increase / Decrease in interest receivable on variable rate investments | (194) | 194 |
| Impact on Income and Expenditure Statement | 282 | (184) |
| Decrease / Increase in fair value of fixed rate investment assets (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure) | 23 | 23 |
| Decrease / Increase in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure) | (14,686) | 17,091 |

Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices at 31st March 2026 would result in a £0.27m charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's other strategic pooled investment funds are subject to the risk of falling equity prices. This is limited by the Council's maximum exposure of £5m and a 5% fall in equity prices at 31st March 2026 would result in a £0.091m Charge to the Surplus or Deficit on the provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Foreign Exchange Risk

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

NOTES TO MAIN FINANCIAL STATEMENTS

19 DEBTORS

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Amounts falling due in one year: | | |
| Central Government bodies | 9,036 | 9,499 |
| Other local authorities | 19,524 | 20,967 |
| NHS bodies | 2,560 | 4,518 |
| Other entities and individuals (Trade Debtors) | 16,603 | 11,915 |
| Other entities and individuals (Non-Trade Debtors) | 14,749 | 10,643 |
| Prepayments | 2,844 | 3,361 |
| Total - Current Assets | 65,316 | 60,903 |
| Amounts falling after one year: | £'000 | £'000 |
| Other entities and individuals | 10,530 | 9,035 |
| Total - Long Term Assets | 10,530 | 9,035 |

20 CASH AND CASH EQUIVALENTS

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

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Cash held by the Council | 118 | 118 |
| Bank current accounts | 683 | 731 |
| Short-term deposits | 21,402 | 22,699 |
| Total cash and cash equivalents | 22,203 | 23,548 |

21 CREDITORS

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Central government bodies | 3,715 | 2,631 |
| Other local authorities | 10,683 | 9,457 |
| NHS bodies | 5,194 | 1,112 |
| Other entities and individuals (Trade Creditors) | 25,335 | 17,888 |
| Other entities and individuals (Non-Trade Creditors) | 23,224 | 19,513 |
| Lease Liabilities | 619 | 680 |
| Income Received in Advance | 5,178 | 7,030 |
| Pensions Fund | 5,347 | 5,066 |
| Total - Current Liabilities | 79,295 | 63,377 |
| Amounts falling after one year: | £'000 | £'000 |
| Lease Liabilities | 5,725 | 5,995 |
| Total - Long Term Liabilities | 5,725 | 5,995 |

22 PROVISIONS FOR LIABILITIES

| Provisions comprise: | 31 March 2025 £'000 | New Provisions £'000 | Utilised in Year £'000 | Written Back £'000 | 31 March 2026 £'000 |
|--------------------------|---------------------------|----------------------------|------------------------------|--------------------------|---------------------------|
| NNDR Appeals Provision | 5,145 | 1,969 | (2,694) | | 4,420 |
| Dilapidations Provisions | 1,500 | | (1,500) | | - |
| | 6,645 | 1,969 | (4,194) | - | 4,420 |

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

23 GENERAL FUND BALANCES AND RESERVES

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

| Unearmarked Reserves | 31 March | transfers to | transfers from | 31 March | transfers to | transfers from | 31 March |
|---|-----------------|---------------------|-----------------------|-----------------|---------------------|-----------------------|-----------------|
| | 2024 | 2024/25 | 2024/25 | 2025 | 2025/26 | 2025/26 | 2026 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund Balances unearmarked | 12,789 | 16,356 | (16,561) | 12,584 | 29,878 | (29,776) | 12,686 |
| Earmarked Reserves | 31 March | transfers to | transfers from | 31 March | transfers to | transfers from | 31 March |
| | 2024 | 2024/25 | 2024/25 | 2025 | 2025/26 | 2025/26 | 2026 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| LMS Schools Balances* | 1,191 | 685 | - | 1,876 | 58 | (201) | 1,733 |
| Corporate Earmarked Reserves | 46,116 | 16,508 | (6,325) | 56,299 | 18,320 | (15,979) | 58,640 |
| Service Specific Reserves | 4,436 | 705 | (586) | 4,555 | 493 | (863) | 4,185 |
| General Service Earmarked Reserves | 21,909 | 913 | (6,354) | 16,468 | 2,783 | (4,114) | 15,137 |
| | 73,652 | 18,811 | (13,265) | 79,197 | 21,654 | (21,157) | 79,695 |
| Total General Fund Balances and Reserves | 86,441 | 35,167 | (29,826) | 91,781 | 51,532 | (50,933) | 92,381 |
| Other Usable Reserves | | | | | | | |
| Capital Receipts Reserve | 7,711 | 3,507 | (2,436) | 8,782 | 3,149 | (4,325) | 7,606 |
| Capital Grants Unapplied Reserve | - | 27,982 | (27,982) | - | 50,583 | (50,563) | 20 |
| Total Usable Reserves | 94,152 | 66,656 | (60,244) | 100,563 | 105,263 | (105,820) | 100,007 |

* LMS Schools balances will be used by individual schools

| Corporate Earmarked Reserves | 31 March | transfers to | transfers from | 31 March | transfers to | transfers from | 31 March |
|--|----------|--------------|----------------|----------|--------------|----------------|----------|
| | 2024 | 2024/25 | 2024/25 | 2025 | 2025/26 | 2025/26 | 2026 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Insurance Fund | 1,076 | 185 | (317) | 944 | 92 | (223) | 813 |
| Capital Financing Reserve | 11,663 | 1,454 | - | 13,117 | 1,849 | - | 14,966 |
| Revenue Funding of Capital | 896 | 4,382 | (1,508) | 3,770 | 1,206 | (2,845) | 2,131 |
| Financial Planning & Smoothing Reserve | 2,842 | 4,192 | (737) | 6,297 | 370 | (1,778) | 4,889 |
| Revenue Budget Contingency Reserve | 3,348 | - | (881) | 2,467 | 1,427 | (1,880) | 2,014 |
| Revenue Grants Unapplied | 1,037 | 188 | (397) | 828 | 290 | (197) | 921 |
| Transformation Investment Reserve | 1,400 | - | (413) | 987 | 3,546 | (1,117) | 3,416 |
| Restructuring & Severance Reserve | 4,882 | - | (47) | 4,835 | - | (633) | 4,202 |
| Job Evaluation & Pay Structure Reserve | - | - | - | - | 3,000 | (1,953) | 1,047 |
| Commercial Income Risk Reserve | - | - | - | - | 5,118 | (1,176) | 3,942 |
| Business Rates Reserve | 10,148 | 6,107 | - | 16,255 | 307 | (3,500) | 13,062 |
| City Region Sustainable Transport Settlement Reserve | 3,000 | - | - | 3,000 | - | - | 3,000 |
| COVID-19 Reserves | 1,090 | - | (1,090) | - | - | - | - |
| Other (Including Inflation) | 4,734 | - | (935) | 3,799 | 1,115 | (677) | 4,237 |
| | 46,116 | 16,508 | (6,325) | 56,299 | 18,320 | (15,979) | 58,640 |

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

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

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

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

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

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

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

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

The Job Evaluation & Pay Structure Reserve is used to cover the one-off costs of implementing the "Being Our Best Programme" with a revised pay offer and new structures.

The Commercial Income Risk Reserve is available to help manage the risks in relation to fluctuations in the Council's key commercial income streams, for example, Commercial Estate, Heritage and the Council's housing company.

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

| | 31 March 2024 £'000 | transfers to 2024/25 £'000 | transfers from 2024/25 £'000 | 31 March 2025 £'000 | transfers to 2025/26 £'000 | transfers from 2025/26 £'000 | 31 March 2026 £'000 |
|--|---------------------------|----------------------------------|------------------------------------|---------------------------|----------------------------------|------------------------------------|---------------------------|
| General Service Earmarked Reserves | | | | | | | |
| Information Technology Reserve | 417 | | (219) | 198 | | (198) | - |
| Finance VAT Advice Reserve | 314 | | (69) | 245 | | (34) | 211 |
| Waste Reprovision Reserve | 942 | | | 942 | | | 942 |
| Public Transport Reserve | 143 | | (22) | 121 | | (121) | - |
| Combe Down Stone Mines Interpretation Centre Reserve | 90 | | | 90 | | (1) | 89 |
| Social Care Reserve | 5,642 | | (1,588) | 4,054 | 1,831 | (603) | 5,282 |
| Commercial Estate Reinvestment Reserve | 1,673 | | | 1,673 | | (1,673) | - |
| Park & Ride Smoothing Reserve | 1,919 | | (607) | 1,312 | | (887) | 425 |
| Clean Air Zone Reserves | 10,580 | 818 | (3,849) | 7,549 | 877 | (571) | 7,855 |
| Other Service Reserves | 189 | 95 | | 284 | 75 | (26) | 333 |
| | <u>21,909</u> | <u>913</u> | <u>(6,354)</u> | <u>16,468</u> | <u>2,783</u> | <u>(4,114)</u> | <u>15,137</u> |

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

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

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

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

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

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

24 UNUSABLE RESERVES

| | 31 March 2026 £'000 | 31 March 2025 £'000 |
|--|------------------------|------------------------|
| Revaluation Reserve | 232,310 | 225,064 |
| Capital Adjustment Account | 270,491 | 247,365 |
| Deferred Capital Receipts Reserve | 346 | 353 |
| Financial Instruments Adjustment Account | (4,814) | (4,983) |
| Dedicated Schools Grant Adjustment Account | (46,513) | (32,796) |
| Pooled Fund Adjustment Account | (2,295) | (2,447) |
| Accumulated Absences Account | (662) | (663) |
| Pensions Reserve | (19,881) | (37,980) |
| Collection Fund Adjustment Account | (2,398) | 4,460 |
| Total Unusable Reserves | <u>426,584</u> | <u>398,373</u> |

Revaluation Reserve

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

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

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

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Balance at 1 April | 225,065 | 202,980 |
| Adjustment to opening balance | | (5,974) |
| Upwards revaluation of assets | 17,082 | 37,158 |
| Downwards revaluation of assets not charged to the Surplus/Deficit on the Provision of Services | (6,862) | (5,887) |
| Impairment losses not charged to the Surplus/Deficit on the Provision of Services | | |
| Transfer of depreciation on re-valued assets | (2,632) | (1,946) |
| Written Back on asset disposal and transfer | (343) | (1,267) |
| Other Movements | | |
| Impairment of fixed assets - transfer | | |
| Balance at 31 March | <u>232,310</u> | <u>225,064</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the cost of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties.

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

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

| | 2025/26 £'000 | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|------------------|
| Balance at 1 April | | 247,365 | 236,216 |
| Adjustment to opening balance | | - | (2,396) |
| Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement: | | | |
| Charges for depreciation and impairment of non-current assets | (17,960) | | (17,188) |
| Revaluation gains/losses on Property, Plant & Equipment | (5,819) | | 3,533 |
| Amortisation of intangible assets | (146) | | (178) |
| Impairment allowance for capital expenditure loans | - | | 5 |
| Revenue expenditure funded from capital under statute | (19,671) | | (9,596) |
| Grant funding of revenue expenditure funded from capital under statute | 19,163 | | 7,881 |
| | | (24,433) | (15,543) |
| Adjusting amounts written out of the Revaluation Reserve | | | |
| Transfer of depreciation on re-valued assets | | 2,632 | 1,946 |
| Transfer of revaluation reserve balance on asset disposal | | 343 | 1,267 |
| Net written out amount of the cost of non-current assets consumed in the year | | (21,458) | (12,330) |
| Capital financing applied in the year: | | | |
| Use of capital receipts reserve to finance new capital expenditure | 4,325 | | 2,436 |
| Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing | 33,730 | | 23,232 |
| Capital expenditure financed from revenue | 2,845 | | 1,389 |
| Minimum Revenue Provision | 11,814 | | 11,563 |
| | | 52,714 | 38,620 |
| Movements in the market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement | | (6,950) | (11,217) |
| Deferred liability - Repayment of Avon Loan Debt | | 371 | 386 |
| Repayment of CAZ vehicle loan | | - | - |
| Carrying value of fixed assets disposed of | | (1,551) | (2,021) |
| Other movements | | | 107 |
| Balance at 31 March | | 270,491 | 247,365 |

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

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

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

Discounts received have the opposite entries.

| | 2025/26 £'000 | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|------------------|
| Balance at 1 April | | (4,983) | (5,153) |
| Premiums incurred in year and charged to the Comprehensive Income & Expenditure Statement | | | |
| Proportions of Premiums incurred to be charged against General Fund Balance in accordance with statutory requirements | 169 | | 170 |
| Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements. | | 169 | 170 |
| Balance at 31 March | | (4,814) | (4,983) |

NOTES TO MAIN FINANCIAL STATEMENTS

Dedicated Schools Grant Adjustment Account

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

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

| | 2025/26 £'000 | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|------------------|
| Balance at 1 April | | (32,796) | (22,264) |
| Adjustment to Opening Balance | | | |
| DSG (Over) / Underspend in year | (13,717) | | (10,532) |
| Amount by which Dedicated Schools Grant funded expenditure charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements. | | (13,717) | (10,532) |
| Balance at 31 March | | (46,513) | (32,796) |

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.

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Balance at 1 April | (2,447) | (2,307) |
| Amount by which the change in fair value of pooled funds charged to the Comprehensive Income & Expenditure Statement is different from that calculated for the year in accordance with statutory requirements. | 152 | (140) |
| Balance at 31 March | (2,295) | (2,447) |

Pensions Reserve

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

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Balance at 1 April | (37,980) | (83,136) |
| Remeasurements of the net defined benefit liability / (asset) | 8,761 | 43,159 |
| 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 | (14,496) | (20,055) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 23,834 | 22,052 |
| Balance at 31 March | (19,881) | (37,980) |

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Balance at 1 April | 353 | 361 |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement | | |
| Transfer to the Capital Receipts Reserve upon receipt of cash | (7) | (8) |
| Balance at 31 March | 346 | 353 |

NOTES TO MAIN FINANCIAL STATEMENTS

Collection Fund Adjustment Account

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

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Balance at 1 April | 4,460 | 6,109 |
| Amount by which income credited to the Comprehensive Income & Expenditure Statement is different from income calculated for the year in accordance with statutory requirements | (6,858) | (1,649) |
| Balance at 31 March | (2,398) | 4,460 |

Accumulated Absences Account

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

| | 2025/26 £'000 | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|------------------|
| Balance at 1 April | | (663) | (657) |
| Settlement or cancellation of accrual made at the end of the preceding year | 663 | | 657 |
| Amounts accrued at the end of the current year | (662) | | (663) |
| Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | | 1 | (6) |
| Balance at 31 March | | (662) | (663) |

25 CASH FLOW STATEMENT

Note A to the cash flow statement

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Net Surplus or (Deficit) on the Provision of Services | 8,673 | 6,576 |
| <u>Adjust net surplus or deficit on the provision of services for non cash movements</u> | | |
| Depreciation | 17,960 | 17,188 |
| Impairment and downward valuations | 5,819 | (3,533) |
| Amortisation | 146 | 178 |
| Impairment allowance on service loans | - | (5) |
| Adjustment for internal interest charged | 111 | 140 |
| Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c | (151) | 193 |
| Adjustments for effective interest rates | (3) | (3) |
| Increase/Decrease in Interest Creditors | 294 | 1,191 |
| Increase/Decrease in Creditors | 13,320 | (10,873) |
| Increase/Decrease in Interest and Dividend Debtors | 193 | 28 |
| Increase/Decrease in Debtors | (6,608) | (2,202) |
| Increase/Decrease in Inventories | (81) | (59) |
| Movement in Pension Liability | (9,338) | (1,997) |
| Contributions to/(from) Provisions | (2,225) | (1,119) |
| Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets] | 1,551 | 2,021 |
| Movement in investment property values | 6,950 | 11,217 |
| Total adjustments on the provision of services for non cash movements | 27,938 | 12,366 |
| <u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u> | | |
| Capital Grants credited to surplus or deficit on the provision of services | (52,913) | (31,113) |
| Net adjustment from the sale of short and long term investments | - | - |
| Proceeds from the sale of property plant and equipment, investment property and intangible assets | (3,140) | (3,499) |
| Total adjustments on the provision of services that are investing or financing activities | (56,053) | (34,613) |
| Net Cash Flows from Operating Activities | (19,442) | (15,671) |

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

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Operating activities within the cash flow statement include the following cash flows relating to interest | | |
| Ordinary interest received | 2,309 | 2,277 |
| Opening Debtor | 194 | 223 |
| Closing Debtor | (1) | (194) |
| Interest Received | 2,502 | 2,306 |
| Interest charge for year | (11,414) | (10,236) |
| Adjustment for difference between effective interest rates and actual interest payable | (3) | (3) |
| Adjustment for internal interest charged to balance sheet funds | 111 | 193 |
| Opening Creditor | (3,694) | (2,503) |
| Closing Creditor | 3,988 | 3,694 |
| Interest Paid | (11,012) | (8,855) |

NOTES TO MAIN FINANCIAL STATEMENTS

| Note C to the Cash Flow Statement - Cash Flows from Investing Activities | 2025/26 | 2024/25 |
|---|----------------|-----------------|
| | £'000 | £'000 |
| Property, Plant and Equipment Purchased | (51,044) | (40,328) |
| Purchase of Investment Properties | (6,713) | (2,963) |
| Other Capital Payments | (8) | (5) |
| Add back new Leases (non cash flow item) | 58 | 1,178 |
| Opening Capital Creditors | (5,201) | (6,218) |
| Closing Capital Creditors | 8,490 | 5,201 |
| Purchase of Property, Plant and Equipment, investment property and intangible assets | (54,418) | (43,135) |
| Purchase of short term investments | (15,000) | (15,000) |
| Long term loans granted | (1,545) | (1,696) |
| Capital Grants Repaid | (1,783) | (388) |
| Proceeds from the sale of property plant and equipment, investment property and intangible assets | 3,148 | 3,507 |
| Proceeds / (Purchase) from short term investments | 15,000 | 15,000 |
| Other capital cash receipts | 45 | 1,509 |
| Capital Grants Received / (Repaid) | 57,474 | 24,130 |
| Other Receipts / (Payments) from Investing Activities | 57,519 | 25,639 |
| Total Cash Flows from Investing Activities | 2,921 | (16,073) |
| Note D to the Cash Flow Statement - Cash Flows from Financing Activities | 2025/26 | 2024/25 |
| | £'000 | £'000 |
| Cash receipts of long term borrowing | 60,000 | 40,000 |
| Billing Authorities - Council Tax and NNDR adjustments | 2,672 | 2,129 |
| Repayment of Short-Term and Long-Term Borrowing | (47,107) | (10,684) |
| Payments for the reduction of a lease liability | (389) | (418) |
| Total Cash Flows from Financing Activities | 15,176 | 31,027 |
| Note E - Makeup of Cash and Cash Equivalents | 2025/26 | 2024/25 |
| | £'000 | £'000 |
| Cash and Bank Balances | 801 | 849 |
| Cash Investments - regarded as cash equivalents | 21,402 | 22,699 |
| Bank Overdraft | - | - |
| | 22,203 | 23,548 |

NOTES TO MAIN FINANCIAL STATEMENTS

26 EXPENDITURE & INCOME ANALYSED BY NATURE

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Expenditure | | |
| Employee expenditure | 147,829 | 138,829 |
| Other service expenditure | 332,030 | 297,189 |
| Depreciation amortisation & impairment | 23,925 | 13,833 |
| Decrease in Investment Estate Fair Value | 6,950 | 11,217 |
| Interest Expenditure (Inc. Net Interest on Net Defined Benefit Liability) | 12,863 | 13,729 |
| Loss / (Gain) & Impairments on Financial Instruments | (151) | 135 |
| Precepts and levies | 9,923 | 9,225 |
| | <u>533,369</u> | <u>484,158</u> |
| Income | | |
| Sales, Fees and charges and other misc. income (including Contributions) | (134,396) | (122,688) |
| Income from Council Tax & Business Rates | (155,663) | (143,172) |
| Loss/(Gain) on disposal of non-current assets | (1,447) | (1,486) |
| Income from Investment Estate | (16,671) | (16,493) |
| Government Grants & Contributions | (231,508) | (204,554) |
| Interest & Investment Income | (2,357) | (2,341) |
| | <u>(542,042)</u> | <u>(490,734)</u> |
| (Surplus) / Deficit on provision of services | <u>(8,673)</u> | <u>(6,576)</u> |

27 SEGMENT REPORTING

| | 2025/26 £'000 | 2024/25 £'000 Restated |
|---|------------------|------------------------------|
| Depreciation amortisation & impairment | | |
| Leader | - | - |
| Sustainable Bath & North East Somerset | 609 | 749 |
| Resources | 3,616 | 4,298 |
| Economic & Cultural Sustainable Development | 3,048 | (675) |
| Adult Services | 2,076 | (3,068) |
| Children's Services | 3,403 | 2,824 |
| Sustainable Transport Strategy | 1,404 | 2,090 |
| Built Environment, Housing & Sustainable Development | 240 | (92) |
| Communications & Community | 361 | 1,131 |
| Sustainable Transport Delivery | 9,168 | 6,576 |
| Total | <u>23,925</u> | <u>13,833</u> |
| Revenues from external customers / Contributions | | |
| Leader | (681) | (771) |
| Sustainable Bath & North East Somerset | (690) | (799) |
| Resources | (17,442) | (15,957) |
| Economic & Cultural Sustainable Development | (29,548) | (28,905) |
| Adult Services | (46,724) | (39,130) |
| Children's Services | (4,252) | (5,525) |
| Sustainable Transport Strategy | (18,186) | (17,355) |
| Built Environment, Housing & Sustainable Development | (6,709) | (5,163) |
| Communications & Community | (8,017) | (7,527) |
| Sustainable Transport Delivery | (2,147) | (1,556) |
| Total | <u>(134,396)</u> | <u>(122,688)</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

28 POOLED FUNDING

The Council has Pooled Budget arrangements under section 31 of the Health Act 1999 with NHS Bath & North East Somerset, Swindon & Wiltshire (NHS BSW) Integrated Care Board (ICB). The Pooled Budgets are hosted by the Council, acting as the lead commissioner as described in Accounting Policy 1.28. During 2025/26 there were three Pooled Budgets, detailed below :-

Better Care Fund

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

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

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

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Gross Funding | | |
| Bath & North East Somerset Council | 9,228 | 9,012 |
| Bath & North East Somerset Council - Community Services Contract | - | 12,811 |
| NHS BSW Integrated Care Board | 18,004 | 17,646 |
| NHS BSW Integrated Care Board - Community Services Contract | - | 29,504 |
| Total Funding | 27,232 | 68,973 |
| | | |
| Spend on Better Care Fund schemes | 27,232 | 25,267 |
| Spend on Community Services Contract | - | 43,706 |
| Total Expenditure | 27,232 | 68,973 |

Community Equipment

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

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

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

| | 2025/26 £'000 | 2024/25 £'000 |
|-------------------------------------|------------------|------------------|
| Gross Funding | | |
| Bath & North East Somerset Council | 244 | 244 |
| NHS BSW Integrated Care Board | 569 | 569 |
| Total Funding | 813 | 813 |
| Total Expenditure | 1,033 | 995 |
| Net (Underspend) / Overspend | 220 | 182 |
| Overspend Recharged | | |
| Bath & North East Somerset Council | 66 | 55 |
| NHS BSW Integrated Care Board | 154 | 127 |

NOTES TO MAIN FINANCIAL STATEMENTS

Children and Young People with Multiple and Complex Needs

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

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

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

| | 2025/26 £'000 | 2024/25 £'000 |
|-------------------------------------|---------------------|---------------------|
| Gross Funding | | |
| Bath & North East Somerset Council | 2,574 | 2,574 |
| NHS BSW Integrated Care Board | 454 | 454 |
| Total Funding | <u>3,028</u> | <u>3,028</u> |
| Total Expenditure | <u>6,185</u> | <u>6,570</u> |
| Net (Underspend) / Overspend | <u><u>3,157</u></u> | <u><u>3,542</u></u> |
| Overspend Recharged | | |
| Bath & North East Somerset Council | 2,456 | 3,011 |
| NHS BSW Integrated Care Board | 701 | 531 |

Adult Learning Difficulties

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

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

The pooled budget was hosted by the Council on behalf of the two partners to the agreement. The pooled agreement was ended on the 31st March 2025.

| | 2025/26 £'000 | 2024/25 £'000 |
|-------------------------------------|------------------|---------------------|
| Gross Funding | | |
| Bath & North East Somerset Council | - | 23,827 |
| NHS BSW Integrated Care Board | - | 7,266 |
| Other Funding | - | - |
| Income from Client Contributions | - | - |
| Total Funding | <u>-</u> | <u>31,093</u> |
| Total Pooled Expenditure | <u>-</u> | <u>38,060</u> |
| Net (Underspend) / Overspend | <u><u>0</u></u> | <u><u>6,967</u></u> |
| Overspend Recharged | | |
| Bath & North East Somerset Council | - | 5,137 |
| NHS BSW Integrated Care Board | - | 1,830 |

NOTES TO MAIN FINANCIAL STATEMENTS

29 MEMBERS' ALLOWANCES

The total cost of Members' Allowances for 2025/26, including employer's National Insurance and pensions contributions, was £1,384,664 (£1,106,831 in 2024/25). The payments made to Members during the year are shown below:

| | | Basic Allowance | Special Responsibility Allowance | Expenses | Total |
|--------------|----|--------------------|--|--------------|------------------|
| | | £ | £ | £ | £ |
| AUTON | M | 12,803 | - | - | 12,803 |
| BALL | TM | 12,803 | 20,117 | - | 32,920 |
| BEAUMONT | A | 12,803 | - | - | 12,803 |
| BIDDLESTON | D | 12,803 | 6,402 | - | 19,205 |
| BLACKBURN | C | 12,803 | - | - | 12,803 |
| BORN | A | 12,803 | 25,606 | - | 38,409 |
| BOX | A | 12,803 | 627 | 330 | 13,760 |
| BRIDGE | S | 5,989 | - | - | 5,989 |
| COLLINS | D | 5,204 | - | - | 5,204 |
| CROSSLEY | PN | 12,803 | 6,373 | - | 19,176 |
| DANDO | C | 12,803 | 5,121 | - | 17,924 |
| DAVID | J | 12,803 | - | - | 12,803 |
| ELLIOTT | M | 12,803 | 25,606 | - | 38,409 |
| EVANS | S | 12,803 | - | - | 12,803 |
| GOURLEY | F | 12,803 | 10,979 | - | 23,782 |
| GUY | K | 12,803 | 61,833 | 305 | 74,941 |
| HALE | AD | 12,803 | - | - | 12,803 |
| HALSALL | I | 12,803 | 13,375 | - | 26,178 |
| HARDING | D | 12,803 | - | - | 12,803 |
| HARDMAN | EJ | 12,803 | 9,175 | 133 | 22,111 |
| HEATHCOTE | G | 12,803 | - | - | 12,803 |
| HEDGES | SP | 12,803 | 6,402 | - | 19,205 |
| HEIJLTJES | S | 12,803 | - | - | 12,803 |
| HENMAN | O | 12,803 | 12,803 | - | 25,606 |
| HIRST | J | 12,803 | 23,782 | - | 36,585 |
| HODGE | L | 12,803 | 24,694 | - | 37,497 |
| HOUNSELL | D | 12,803 | - | - | 12,803 |
| HUGHES | S | 12,803 | 5,988 | - | 18,791 |
| JACKSON | EM | 12,803 | - | - | 12,803 |
| JOHNSON | G | 12,803 | - | - | 12,803 |
| KELLY | S | 12,803 | - | - | 12,803 |
| LEACH | G | 12,803 | 4,392 | - | 17,195 |
| LEACH | J | 12,803 | - | - | 12,803 |
| MACFIE | H | 12,803 | - | - | 12,803 |
| MALLOY | R | 12,803 | - | - | 12,803 |
| MANSELL | L | 12,803 | - | 189 | 12,992 |
| MAY | P | 12,803 | 25,606 | 1,897 | 40,306 |
| MCCABE | M | 12,803 | 25,606 | - | 38,409 |
| MCCOMBE | S | 9,499 | - | - | 9,499 |
| MCGALL | S | 12,803 | 7,317 | - | 20,120 |
| MOORE | S | 12,803 | 1,414 | - | 14,217 |
| MORGAN | A | 12,803 | - | - | 12,803 |
| MOSS | R | 12,803 | 22,114 | 386 | 35,303 |
| ODOHERTY | M | 12,803 | - | - | 12,803 |
| PANKHANIA | B | 12,803 | - | - | 12,803 |
| PLAYER | J | 12,803 | - | - | 12,803 |
| RIGBY | A | 12,803 | 25,606 | - | 38,409 |
| ROMERO | UM | 12,803 | 10,242 | - | 23,045 |
| ROPER | P | 12,803 | 25,606 | - | 38,409 |
| ROSS | S | 12,803 | - | 26 | 12,829 |
| SAINI | O | 12,803 | 12,803 | - | 25,606 |
| SIMON | T | 12,803 | 6,219 | 308 | 19,330 |
| TOMLIN | G | 12,803 | - | - | 12,803 |
| TREBY | M | 12,803 | - | - | 12,803 |
| WAIT | A | 12,803 | 10,242 | 70 | 23,116 |
| WALKER | K | 12,803 | 6,587 | 471 | 19,861 |
| WARREN | C | 12,803 | - | - | 12,803 |
| WARREN | E | 12,803 | 25,606 | - | 38,409 |
| WARREN | T | 12,803 | 4,697 | - | 17,500 |
| WOOD | D | 1,734 | 3,468 | - | 5,203 |
| WRIGHT | J | 12,803 | 10,246 | 25 | 23,074 |
| Total | | 752,199 | 486,653 | 4,140 | 1,242,992 |

NOTES TO MAIN FINANCIAL STATEMENTS

30 SENIOR OFFICER REMUNERATION

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

Senior Officers emoluments - annualised salary of £150,000 or more for the year ending 31 March 2026

| Post Holder | Salary | Expenses | Benefits in Kind e.g. Relocation, Subscriptions | Compensation for Loss of Office | Employer Pension Contrib'ns | Total |
|---|---------|----------|---|---------------------------------------|-----------------------------------|---------|
| | £ | £ | £ | £ | £ | £ |
| Chief Executive - William Godfrey (to 31/01/2026) | 121,939 | | | | 17,507 | 139,446 |
| Chief Executive - Sophie Broadfield (from 01/01/2026) | 43,750 | | | | 8,306 | 52,056 |

Senior Officers emoluments - annualised salary between £50,000 and £150,000 for the year ending 31 March 2026

| Post Holder | Salary (incl. Honorarium) | Expenses | Benefits in Kind e.g. Relocation, Subscriptions | Compensation for Loss of Office | Employer Pension Contrib'ns | Total |
|--|---------------------------------|----------|---|---------------------------------------|-----------------------------------|---------|
| | £ | £ | £ | £ | £ | £ |
| Executive Director - Operations (to 17/08/2025) | 53,140 | | | | 10,681 | 63,821 |
| * Executive Director - Operations (from 12/09/2025 to 31/01/2026) | 55,986 | | | | 11,253 | 67,239 |
| Executive Director - People (from 01/02/2026) | 24,167 | | | | 4,859 | 29,026 |
| Executive Director - Resources | 143,745 | | | | 28,893 | 172,638 |
| Executive Director - Sustainable Communities (to 31/12/2025) | 101,859 | | | | 20,474 | 122,333 |
| Director of Finance (from 01/01/2026) | 26,000 | | 405 | | 5,226 | 31,631 |
| Director of Adult Social Care (DASS) | 122,332 | | | | 24,589 | 146,921 |
| Director of Children's Services & Education (DSC) (from 18/08/2025) | 79,142 | | | | 15,908 | 95,050 |
| Director of People & Change | 102,805 | | | | 20,664 | 123,469 |
| Director of Place Management | 114,407 | | 326 | | 22,996 | 137,729 |
| Director of Capital & Housing Delivery | 108,968 | | | | 21,903 | 130,871 |
| * Director of Financial Services, Assurance & Pensions (to 31/12/2025) | 94,304 | | | | 18,955 | 113,259 |
| Director of Assurance, Risk & Pensions (from 01/01/2026) | 29,747 | 1,030 | | | 5,979 | 36,756 |
| Director of Public Health & Prevention | 97,289 | | | | 13,976 | 111,265 |
| Director of Education & Safeguarding | 108,306 | 136 | | | 21,770 | 130,212 |
| Head of Legal & Democratic Services | 110,942 | | | | 22,299 | 133,241 |

* There were changes to the Job Titles of several of the Council's Senior Officers during the year. The new job title, along with the associated previous job title, are boxed together in the above table.

The Executive Director - Sustainable Communities position was covered by an Interim, who was not on the Council's payroll, whilst the post was vacant between Jan'26 and Mar'26. As payments were made to an agency, the annualised income that the Officer received cannot be determined.

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

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

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

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

The Executive Director - Resources position was covered by an Interim, who was not on the Council's payroll, whilst the post was vacant between Jan'25 and Mar'25. As payments were made to an agency, the annualised income that the Officer received cannot be determined.

NOTES TO MAIN FINANCIAL STATEMENTS

31 EMPLOYEES' EMOLUMENTS

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

| Remuneration band | 2025/26 | | 2025/26 | 2024/25 | | 2024/25 |
|---------------------|-----------|------------|------------|-----------|------------|------------|
| | Teachers | Others | Total | Teachers | Others | Total |
| £50,000 - £54,999 | 11 | 137 | 148 | 7 | 99 | 106 |
| £55,000 - £59,999 | 18 | 86 | 104 | 3 | 24 | 27 |
| £60,000 - £64,999 | 7 | 27 | 34 | 5 | 43 | 48 |
| £65,000 - £69,999 | 2 | 54 | 56 | 4 | 33 | 37 |
| £70,000 - £74,999 | 3 | 33 | 36 | 1 | 4 | 5 |
| £75,000 - £79,999 | 4 | 11 | 15 | 1 | 10 | 11 |
| £80,000 - £84,999 | 1 | 3 | 4 | 1 | 1 | 2 |
| £85,000 - £89,999 | - | 2 | 2 | 1 | 1 | 2 |
| £90,000 - £94,999 | 2 | 1 | 3 | 1 | 2 | 3 |
| £95,000 - £99,999 | - | 11 | 11 | - | 6 | 6 |
| £100,000 - £104,999 | - | 3 | 3 | - | 2 | 2 |
| £105,000 - £109,999 | - | 2 | 2 | - | - | - |
| £110,000 - £114,999 | - | 2 | 2 | - | 4 | 4 |
| £115,000 - £119,999 | - | - | - | - | 3 | 3 |
| £120,000 - £124,999 | - | 2 | 2 | - | 1 | 1 |
| £125,000 - £129,999 | - | 2 | 2 | - | - | - |
| £130,000 - £134,999 | - | - | - | - | 2 | 2 |
| £135,000 - £139,999 | - | - | - | - | - | - |
| £140,000 - £144,999 | - | 2 | 2 | - | 1 | 1 |
| £145,000 - £149,999 | - | 1 | 1 | - | - | - |
| £150,000 - £154,999 | - | - | - | - | - | - |
| £155,000 - £159,999 | - | - | - | - | - | - |
| £160,000 - £164,999 | - | - | - | - | - | - |
| £165,000 - £169,999 | - | - | - | - | 1 | 1 |
| | 48 | 379 | 427 | 24 | 237 | 261 |

The above totals include 2 members of staff who would not have been included in the note if it were not for one-off severance payments (3 members of staff in 2024/25). This included 0 in the Teacher category (0 in 2024/25) and 2 in the Others category (3 in 2024/25).

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

32 EXIT PACKAGES

The Council terminated the contracts of a number of employees in 2025/26, incurring liabilities of £0.521m (£1.202m in 2024/25). This amount recognises the on-going impact of the financial challenge across the Council as it seeks to deliver the savings required to balance its budget.

Any Exit Packages over £100,000 are agreed by the Council's Restructure Implementation Committee.

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

| Exit Package Cost Band (incl. Special Payments) | 2025/26 | | 2025/26 | 2024/25 | | 2024/25 |
|---|-------------|-------------|----------------|-------------|-------------|------------------|
| | Number of | Number of | Total | Number of | Number of | Total |
| | Compulsory | Other Exits | Cost | Compulsory | Other Exits | Cost |
| | Redund'cies | Agreed | £ | Redund'cies | Agreed | £ |
| £0 - £20,000 | 3 | 16 | 136,639 | 3 | 15 | 96,214 |
| £20,001 - £40,000 | 1 | 3 | 102,765 | 2 | 1 | 80,288 |
| £40,001 - £60,000 | - | - | 0 | 1 | 1 | 101,162 |
| £60,001 - £80,000 | - | - | 0 | - | - | 0 |
| £80,001 - £100,000 | - | 2 | 181,391 | 1 | - | 92,189 |
| £100,001 - £150,000 | - | 1 | 100,641 | - | - | 0 |
| £150,001 - £200,000 | - | - | 0 | - | - | 0 |
| £200,001 - £250,000 | - | - | 0 | - | - | 0 |
| £250,001 - £300,000 | - | - | 0 | 1 | 1 | 522,935 |
| £300,001 - £350,000 | - | - | 0 | 1 | - | 309,340 |
| | 4 | 22 | 521,435 | 9 | 18 | 1,202,128 |

NOTES TO MAIN FINANCIAL STATEMENTS

33 EXTERNAL AUDIT COSTS

| | | |
|---|--------------------------------|------------------|
| The Council has incurred the following fees payable to its auditors, Grant Thornton UK LLP | 2025/26 £'000 | 2024/25 £'000 |
| Fees payable with regard to external audit services | 414 | 396 |
| Fees payable for the certification of grant claims and returns | 62 | 99 |
| | <u>476</u> | <u>495</u> |

34 DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2016. The Schools Budget includes elements for a range of educational services provided on an Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/26 are as follows:

| | 2025/26 Central Expenditure £'000 | 2025/26 Individual Schools Budget £'000 | 2025/26 Total £'000 | 2024/25 Total £'000 |
|--|--|---|---------------------------|---------------------------|
| Final DSG for before Academy & High Needs recoupment | | | 217,362 | 195,260 |
| Academy & High Needs figure recouped | | | 142,048 | 130,347 |
| Total DSG after Academy & High Needs recoupment | | | <u>75,313</u> | <u>64,913</u> |
| <i>plus</i> Brought forward from previous year | | | - | |
| <i>less</i> Carry forward into future year agreed in advance | | | | |
| Agreed initial budget distribution | 32,876 | 42,437 | 75,313 | 64,913 |
| In Year Adjustments | - | (35) | (35) | 221 |
| Final budget distribution | 32,876 | 42,402 | 75,279 | 65,133 |
| <i>less</i> Actual central expenditure | 47,794 | - | 47,794 | 39,087 |
| <i>less</i> Actual ISB deployed to schools | - | 41,867 | 41,867 | 36,579 |
| plus Local Authority contribution for year | 666 | - | 666 | - |
| In-Year Carry forward | (14,252) | 535 | (13,717) | (10,532) |
| Carry forward into future year agreed in advance | | | - | |
| DSG unusable reserve brought forward | | | (32,796) | (22,264) |
| Addition to DSG unusable reserve for year | | | (13,717) | (10,532) |
| Total of DSG unusable reserve at the end | | | (46,513) | (32,796) |
| Net DSG position at year end | | | <u>(46,513)</u> | <u>(32,796)</u> |

35 GRANT INCOME

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

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Credited to Taxation and Non Specific Grant Income | | |
| Non-Ringfenced Government Grants | | |
| s31 Grants - DLUHC | 17,591 | 19,969 |
| Capital Grants & Contributions | | |
| Department for Education | 3,328 | 2,371 |
| Department for Transport | 49 | 200 |
| Department for Health & Social Care | 17 | 22 |
| West of England Combined Authority | 25,275 | 16,369 |
| Other | 2,779 | 2,046 |
| Third party contributions | 950 | 510 |
| Section 106 Developer / CIL Contributions | 1,333 | 1,714 |
| | <u>51,321</u> | <u>43,201</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

| Credited to Services | | |
|---|----------------|---------------|
| Education Funding Agency (incl. Universal Infant Free School Meals) | 5,443 | 6,439 |
| Pupil Premium Grant | 1,032 | 1,108 |
| Mandatory rent allowances | 23,257 | 27,449 |
| Public Health Grant | 10,966 | 10,274 |
| Department for Health & Social Care | 3,172 | 3,809 |
| Department for Education | 1,394 | 2,262 |
| Department for Environment, Food & Rural Affairs | 13 | 20 |
| Department for Transport | 137 | 110 |
| Department for Levelling Up, Housing & Communities (DLUHC) | 45,629 | 27,937 |
| Homes for Ukraine Scheme | 332 | 576 |
| New Homes Bonus Grant | 913 | 327 |
| Home Office | 1,970 | 1,910 |
| West of England Combined Authority | 4,043 | 6,440 |
| Other | 5,590 | 6,200 |
| Third party contributions | (14) | 55 |
| Section 106 Developer / CIL Contributions | 997 | 1,417 |
| | 104,874 | 96,333 |

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

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

| Current Liabilities | 31 March | 31 March |
|--|-----------------|-----------------|
| | 2026 | 2025 |
| | £'000 | £'000 |
| Grants Receipts In Advance (Capital Grants & Contributions) | | |
| Section 106 Developer, CIL & 3rd Party Contributions | 6,201 | 6,566 |
| Various Capital Grants | 24,352 | 19,408 |
| Total | 30,553 | 25,974 |
| Grants Receipts In Advance (Revenue Grants) | | |
| Various Service Grants | 2,903 | 1,808 |
| Total | 2,903 | 1,808 |
| Long-Term Liabilities | | |
| | 31 March | 31 March |
| | 2026 | 2025 |
| | £'000 | £'000 |
| Grants Receipts In Advance (Capital Grants & Contributions) | | |
| Section 106 Developer, CIL & 3rd Party Contributions | 12,444 | 10,433 |
| Various Capital Grants | 13,191 | 16,843 |
| Total | 25,635 | 27,276 |

NOTES TO MAIN FINANCIAL STATEMENTS

36 RELATED PARTIES

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

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

Central Government

Central UK Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority 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, housing benefits). Grants received from government departments are set out in the Grants Note 35.

Pension Fund

Details of Contributions to the Avon Pension Fund are shown in note 41. As administering body to the Fund, the Council charged the fund for the direct costs of £5,460,433 (£4,352,148 2024/25) and support services costs of £611,776 (£536,075 2024/25). Five B&NES Councillors are voting members on the Pensions Committee.

Aequus Group Holdings Ltd (AGHL)

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

Aequus Developments Ltd (ADL)

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

Aequus Construction Ltd (ACL)

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

Aequus Regeneration Bath Quays LLP

Aequus Regeneration Bath Quays LLP (LLP), which was incorporated on 26th January 2026 and commenced trading in February 2026, is a 99% owned subsidiary by the Council with the remaining 1% owned by Aequus Construction Ltd (ACL). The purpose of the LLP is to carry out the regeneration of the Bath Quays Site. Further details are included in Note 44 Controlled Companies.

Members & Officers

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

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

Eleven Members are Parish / Town Councillors

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

The Council made payments of £488,189 (£259,444 in 2024/25) to voluntary bodies and organisations where Members have declared an interest (either due to a Council nomination or in an independent capacity).

| | 2025/26 |
|--|----------------|
| | £ |
| Association of Leading Visitor Attractions | 4,776 |
| Bath Royal Literary & Scientific Association | 1,686 |
| Great Spas of Europe | 26,419 |
| Grow Batheaston | 254 |
| Heart of Bath Medical Partnership | 38,818 |
| IAESTE UK Ltd | 150 |
| Midsomer Norton Community Trust | 4,010 |
| Odd Down Community Association | 2,000 |
| Peasedown Community Trust | 1,595 |
| Radio Bath | 99,455 |
| Radstock Museum | 750 |
| R.O. Dando & Sons | 786 |
| Roman Baths Foundation | 9,376 |
| South West Councils | 21,398 |
| The Keynsham Music Festival Association | 4,902 |
| Visit West | 60,864 |
| West of England Rural Network | 210,775 |
| World Heritage Enhancement Fund Committee | 175 |
| | <u>488,189</u> |

NOTES TO MAIN FINANCIAL STATEMENTS

37 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

| Capital expenditure on fixed assets was as follows: | 2025/26 | 2024/25 |
|---|----------------|---------|
| | £'000 | £'000 |
| Keynsham Reuse and Recycling Centre | - | 831 |
| Highways, Transport, Road Safety & Bridge Strengthening | 21,378 | 15,196 |
| Vehicles | 1,704 | 1,843 |
| Capitalised Buildings Maintenance (including Victoria Art Gallery Roof) | 3,871 | 2,825 |
| Bath City Centre Security | 605 | 1,463 |
| Housing Delivery Schemes (inc. Englishcombe Lane), | 3,379 | 2,945 |
| Commercial Estate Investment (all schemes) | 7,193 | 3,101 |
| Bath Western Riverside | 2,486 | 1,736 |
| Preparing for the Future - New Technology | 503 | 911 |
| Decarbonisation / Renewables Schemes | 429 | 31 |
| Liveable Neighbourhoods | 1,689 | 1,077 |
| School Improvements (Maintained Schools only) | 3,655 | 2,418 |
| Bath Regeneration | 2,489 | 544 |
| Clean Air Zone | 49 | 156 |
| Keynsham High Street Renewal Incl. Public Realm | 984 | 14 |
| Somer Valley Enterprise Zone | 2,239 | 751 |
| Midsomer Norton High Street Renewal incl. Public Realm | 173 | 1,587 |
| Bath Quays | 523 | 1,389 |
| Other | 4,018 | 3,196 |
| Total | 57,367 | 42,011 |

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

| Capital Expenditure was categorised as follows: | 2025/26 | 2024/25 |
|---|----------------|---------|
| | £'000 | £'000 |
| Property, plant and equipment | 10,854 | 25,340 |
| Investment properties | 6,713 | 2,963 |
| Infrastructure | 14,670 | - |
| Intangible | 8 | 5 |
| Assets under construction | 25,122 | 13,703 |
| Capital Loans | 789 | 1,434 |
| Revenue expenditure funded from capital under statute (*) | 19,671 | 9,596 |
| Total expenditure | 77,826 | 53,041 |

* This includes £14,436k of grant funded expenditure related to the Bath Western Riverside project.

| Sources of finance: | 2025/26 | 2024/25 |
|----------------------------|----------------|---------|
| | £'000 | £'000 |
| Capital Receipts | 4,325 | 2,436 |
| Grants | 49,627 | 27,417 |
| Borrowing | 17,764 | 18,103 |
| 3rd Party Contributions | 936 | 565 |
| S.106 / CIL contributions | 2,330 | 3,131 |
| Revenue | 2,845 | 1,389 |
| Total financing | 77,826 | 53,041 |

NOTES TO MAIN FINANCIAL STATEMENTS

Capital Financing Requirement

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Opening Capital Financing Requirement | 379,720 | 367,596 |
| Capital Investment | 77,826 | 53,041 |
| Right of Use Leases | 248 | 7,093 |
| Sources of Finance: | | |
| Capital Receipts | (4,371) | (3,945) |
| Government grants & other contributions | (52,893) | (31,113) |
| Sums set aside from revenue (including MRP) | (14,659) | (12,952) |
| Closing Capital Financing Requirement | <u>385,872</u> | <u>379,720</u> |
| Increase in underlying need to borrow unsupported by Government financial assistance | 17,764 | 18,103 |
| Increase related to Right of Use Lease accounting | 248 | 7,093 |
| Repayments received in respect of Capital Expenditure Loans | (46) | (1,509) |
| Less minimum revenue provision repayment | (11,814) | (11,563) |
| Increase / (decrease) in Capital Financing Requirement | <u>6,152</u> | <u>12,124</u> |

38 CLEAN AIR ZONE

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

Clean Air Zone Income & Expenditure

| | 2025/26 | | 2024/25 | |
|--|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| CAZ Income | | (2,510) | | (2,958) |
| Expenditure | 1,897 | | 2,297 | |
| <i>less Grant Funding</i> | - | | - | |
| Expenditure net of Grant Funding | <u>1,897</u> | | <u>2,297</u> | |
| (Surplus) / Deficit transferred to Earmarked Reserve | | <u>(613)</u> | | <u>(661)</u> |

Clean Air Zone Earmarked Reserves

| | 31 March 2025 £'000 | transfers to £'000 | transfers from £'000 | 31 March 2026 £'000 |
|--|---------------------------|--------------------------|----------------------------|---------------------------|
| Smoothing Reserve | 3,571 | | (243) | 3,327 |
| Decommissioning Reserve | 377 | | | 377 |
| Decommissioning Monitoring and Modelling Reserve | 457 | 863 | (20) | 1,300 |
| Transport Investment Reserve | 3,145 | 14 | (308) | 2,851 |
| Total Clean Air Zone Reserves | <u>7,550</u> | <u>877</u> | <u>(571)</u> | <u>7,855</u> |

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

39 CONTINGENT LIABILITIES

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

40 PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTIONS SCHEMES

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

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes.

In 2025/26 the Council paid £1.725m to Teachers' Pensions in respect of teachers' retirement benefits, representing an average of 28.8% of pensionable pay. The figures for 2024/25 were £1.930m and 28.6%. There were no contributions remaining payable at the year end.

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

NOTES TO MAIN FINANCIAL STATEMENTS

41 PARTICIPATION IN PENSIONS SCHEMES

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

The Council participates in two pension schemes:

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

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

Transactions relating to post-employment benefits

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

| | Local Government Pension Scheme | | Unfunded Liabilities (Teachers) Discretionary Benefits | |
|---|---------------------------------|-----------------|--|--------------|
| | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Comprehensive Income and Expenditure Statement | £'000 | £'000 | £'000 | £'000 |
| <i>Cost of Services:</i> | | | | |
| Current Service Costs | 11,971 | 15,517 | - | - |
| Past Service Cost | - | - | - | - |
| Settlement and Curtailment (Gain) / Loss | 342 | 480 | - | - |
| Administration Expenses | 734 | 565 | - | - |
| <i>Financing and Investment Income & Expenditure:</i> | | | | |
| Net Interest Expense | 730 | 2,788 | 719 | 705 |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 13,777 | 19,350 | 719 | 705 |
| <i>Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i> | | | | |
| Remeasurement of the net defined benefit liability: | | | | |
| Experience (gains) and losses | 25,373 | (963) | (187) | (43) |
| Actuarial (gains) and losses arising on changes in demographic assumptions | 2,614 | (1,878) | 189 | (103) |
| Actuarial (gains) and losses arising on changes in financial assumptions | (9,119) | (99,559) | (80) | (799) |
| Return on Plan Assets (excluding interest) | (34,614) | 36,934 | - | - |
| Effect of Asset Ceiling | 7,063 | 23,252 | - | - |
| Total Remeasurement (Gain)/Loss | (8,683) | (42,214) | (78) | (945) |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 5,094 | (22,864) | 641 | (240) |
| Movement in Reserves Statement | | | | |
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | 13,777 | 19,350 | 719 | 705 |
| Actual amount charged against General Fund Balance for pensions in the year: | | | | |
| Employers' contributions payable to scheme | 22,335 | 20,509 | - | - |
| Retirement benefits payable to pensioners | | | 1,499 | 1,543 |

NOTES TO MAIN FINANCIAL STATEMENTS

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

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

| | Funded Liabilities | | Unfunded Liabilities | |
|---|---------------------------------|------------------|-----------------------------------|------------------|
| | Local Government Pension Scheme | | (Teachers) Discretionary Benefits | |
| | 2025/26 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2024/25 £'000 |
| Present value of defined benefit obligation | 703,244 | 665,426 | 12,508 | 13,366 |
| Fair value of plan assets | (727,535) | (664,064) | - | - |
| Effect of Asset Ceiling * | 31,664 | 23,252 | - | - |
| Net liability arising from defined benefits obligation | 7,373 | 24,614 | 12,508 | 13,366 |

* **Effect of Asset Ceiling** - Due to there being a net asset in 2025/26, and onerous obligations arising from the secondary contributions to the Local Government Pension Fund in 2024/25, the Actuary has calculated an asset ceiling for the remeasurement of the assets that can be included when disclosing the value of the net asset / liability in the Council's Balance Sheet.

Reconciliation of present value of the scheme liabilities:

| | Funded Liabilities | | Unfunded Liabilities | |
|--|---------------------------------|------------------|-----------------------------------|------------------|
| | Local Government Pension Scheme | | (Teachers) Discretionary Benefits | |
| | 2025/26 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2024/25 £'000 |
| Opening Balance at 1 April | 665,426 | 742,405 | 13,366 | 15,149 |
| Current service cost | 11,971 | 15,517 | - | - |
| Interest cost | 37,671 | 35,733 | 719 | 705 |
| Contributions from scheme participants | 7,081 | 6,302 | - | - |
| Actuarial gains and losses | 18,868 | (102,400) | (78) | (945) |
| Benefits paid | (36,966) | (32,611) | (1,499) | (1,543) |
| Settlements | 345 | - | - | - |
| Past service costs | (1,152) | 480 | - | - |
| Past service gain | - | - | - | - |
| Closing Balance at 31 March | 703,244 | 665,426 | 12,508 | 13,366 |

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

| | Local Government Pension Scheme | |
|--|---------------------------------|------------------|
| | 2025/26 £'000 | 2024/25 £'000 |
| Opening Fair Value of scheme assets at 1 April | 664,064 | 674,418 |
| Interest on Plan Assets | 38,290 | 32,945 |
| Remeasurement Gain (Loss) | 34,614 | (36,934) |
| Administration Expenses | (734) | (565) |
| Business Combinations | - | - |
| Settlements | (1,149) | - |
| Contributions from employer | 22,335 | 20,509 |
| Contributions from employees into the scheme | 7,081 | 6,302 |
| Benefits paid | (36,966) | (32,611) |
| Closing Balance at 31 March | 727,535 | 664,064 |

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

The actual return on scheme assets in the year was £45.978m (2024/25 [£3.988m]).

Scheme History

| | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Present value of liabilities: | | | | | | |
| Local Government Pension Scheme | (967,476) | (985,952) | (733,957) | (742,405) | (665,426) | (703,244) |
| Discretionary Benefits | (20,250) | (19,279) | (15,494) | (15,149) | (13,366) | (12,508) |
| Fair value of assets: | | | | | | |
| Local Government Pension Scheme | 627,797 | 679,609 | 632,811 | 674,418 | 664,064 | 727,535 |
| Effect of Asset Ceiling: | | | | | | |
| Local Government Pension Scheme | - | - | - | - | (23,252) | (31,664) |
| Surplus/(deficit) in the scheme: | | | | | | |
| Local Government Pension Scheme | (339,679) | (306,343) | (101,146) | (67,987) | (24,614) | (7,373) |
| Discretionary Benefits | (20,250) | (19,279) | (15,494) | (15,149) | (13,366) | (12,508) |
| Long Term Liability in Balance Sheet | (359,929) | (325,622) | (116,640) | (83,136) | (37,980) | (19,881) |

NOTES TO MAIN FINANCIAL STATEMENTS

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £19.9m has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

Employer contributions to the Pension Fund in 2026/27 are estimated to be £18.3m. Estimated contributions to the Discretionary Benefits scheme are £1.5m.

Regulations governing the Fund require actuarial valuations to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the Fund's solvency, and the detailed provisions are set out in the Fund's Funding Strategy Statement. The most recent triennial valuation was carried out as at 31 March 2025, which showed a surplus of assets against liabilities of £339m as at that date, equivalent to a funding level of 106%. At the 2025 valuation the average deficit recovery and surplus release periods for the Fund overall were set at 12 years. The next triennial valuation will be as at 31st March 2028.

The weighted average duration of the Council's defined benefit obligation is 13 years, measured on the actuarial assumptions used for IAS19 purposes.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both scheme liabilities have been assessed by an independent firm of actuaries Mercer Ltd, estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31 March 2026.

The principal assumptions used by the actuary have been:

| | Local Government Pension Scheme | | Discretionary Benefits (Teachers) Scheme | |
|---|---------------------------------|---------|--|---------|
| | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Mortality assumptions : | | | | |
| Longevity for current pensioners: | | | | |
| | <u>at 65</u> | | <u>at 75</u> | |
| Men | 22.1 | 22.0 | 13.5 | 13.4 |
| Women | 24.6 | 24.1 | 15.5 | 15.1 |
| Longevity for future pensioners: | | | | |
| Men | 23.2 | 23.2 | 22.1 | 22.0 |
| Women | 26.1 | 26.1 | 24.6 | 24.1 |
| Rate of inflation | 2.9% | 2.6% | 2.9% | 2.7% |
| Rate of increase in salaries | 4.4% | 4.1% | | |
| Rate of increase in pensions | 3.0% | 2.7% | 3.0% | 2.8% |
| Rate for discounting scheme liabilities | 6.2% | 5.8% | 6.0% | 5.7% |

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

| | Impact on the Defined Benefit Obligation in the Scheme | |
|---|--|---------------------------------|
| | Increase in Assumption £'000 | Decrease in Assumption £'000 |
| Rate of discounting scheme liabilities (increase or decrease by 0.5%) | (41,924) | 41,924 |
| Rate of Inflation (increase or decrease by 0.25%) | 21,948 | (21,948) |
| Rate of increase in salaries (increase or decrease by 0.25%) | 2,155 | (2,155) |
| Longevity (increase or decrease in 1 year) | 14,414 | (14,414) |

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

NOTES TO MAIN FINANCIAL STATEMENTS

Risks and Investment strategy

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

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

Constitution of the fair value of scheme assets

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

| Assets Held : | Assets at 31 March 2026 | | Assets at 31 March 2025 | |
|--------------------|----------------------------|-------------|----------------------------|------------|
| | £'000 | % | £'000 | % |
| Equity investments | 306,292 | 42.1% | 270,938 | 37.2% |
| Government Bonds | 152,782 | 21.0% | 128,164 | 17.6% |
| Other Bonds | 101,855 | 14.0% | 63,750 | 8.8% |
| UK Property Funds | 33,467 | 4.6% | 33,867 | 4.7% |
| Alternatives | 107,676 | 14.8% | 209,180 | 28.8% |
| Cash Accounts | 25,464 | 3.5% | (41,836) | (5.8)% |
| Total | 727,537 | 100% | 664,064 | 91% |

History of experience gains and losses

Actuarial losses identified as movements on the Pensions Reserve in 2024/25 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2026.

| | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------------|-----------------|---------------|---------------|---------------|---------------|
| Difference between the expected and actual return on scheme assets: | | | | | | |
| amount (£'000) | 34,614 | (36,934) | 19,687 | (57,880) | 48,982 | 81,048 |
| percentage | 4.8% | 5.6% | 7.2% | 7.2% | 7.2% | 12.9% |
| Experience (gains) and losses on liabilities | | | | | | |
| amount (£'000) | 25,373 | (963) | 6,849 | 120,769 | 2,694 | (18,696) |
| percentage | 3.1% | 0.1% | 0.9% | 0.3% | 0.3% | 1.9% |
| | 59,987 | (37,897) | 26,536 | 62,889 | 51,676 | 62,352 |

42 AVON COUNTY COUNCIL DEBT

Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment. The amount of residual debt outstanding at 31 March 2026 apportioned to this Council is £8.906m (£9.277m at 31st March 2025). The debt has now been included in the Council's Balance Sheet as a deferred liability which will reduce each year due to principal repayments.

| | 31 March 2025 | Principal Repaid | 31 March 2026 |
|--|------------------|---------------------|------------------|
| | £'000 | £'000 | £'000 |
| Ex- Avon loan debt principal repayment | 9,277 | (371) | 8,906 |
| Split Between Short-Term & Long-Term: | | | |
| Short-Term Liability | 371 | | 356 |
| Long-Term Liability | 8,906 | | 8,550 |
| Total | 9,277 | | 8,906 |

NOTES TO MAIN FINANCIAL STATEMENTS

43 MINIMUM REVENUE PROVISION (MRP)

Minimum Revenue Provision - Provision for Repayment of External Debt

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

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

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

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

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

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

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

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

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

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

The net amount charged to revenue in compliance with the statutory requirement to set aside a Minimum Revenue Provision for the repayment of external debt is £11.814m calculated as follows:

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Provision for capital expenditure incurred before 1st April 2008 | 635 | 623 |
| Provision based on estimated useful life of new assets since 2008 | 10,595 | 10,518 |
| Provision for capital expenditure on Right of Use Assets | 578 | 418 |
| Provision for expected credit loss on Aequus loan | 6 | 4 |
| Total Minimum Revenue Provision (MRP) | 11,814 | 11,563 |

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

NOTES TO MAIN FINANCIAL STATEMENTS

44 TRUST FUNDS

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

The only Trusts with material assets are:

| | 2025/26 Exp. £ | 2025/26 Income £ | 2025/26 Assets £ | 2025/26 Liabilities £ |
|------------------|----------------------|------------------------|------------------------|-----------------------------|
| Alice Park Trust | 169,460 | (123,463) | 197,886 * | |
| Total | 169,460 | (123,463) | 197,886 | 0 |

* Includes external investments valued at £18,542

| | 2024/25 Exp. £ | 2024/25 Income £ | 2024/25 Assets £ | 2024/25 Liabilities £ |
|------------------|----------------------|------------------------|------------------------|-----------------------------|
| Alice Park Trust | 98,443 | (98,443) | 243,578 * | |
| Total | 98,443 | (98,443) | 243,578 | 0 |

* Includes external investments valued at £18,416

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

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

| | 2025/26 Exp. £ | 2025/26 Income £ | 2025/26 Assets £ | 2025/26 Liabilities £ |
|-------------------------------|----------------------|------------------------|------------------------|-----------------------------|
| Educational Funds | - | (1,594) | 43,144 | |
| Graves / Memorial maintenance | - | (575) | 14,887 | |
| Twinning Fund | - | (1,072) | 27,732 | |
| Bequests | - | (1,646) | 42,598 | |
| Total | 0 | (4,887) | 128,361 | 0 |

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

45 CONTROLLED COMPANIES

Aequus Developments Ltd (ADL)

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

The company's draft un-audited accounts to 31st March 2026 show a turnover of £1,802,869 a net profit of £569, net current liabilities of £60,214 and net assets of £1,552,621. (Turnover of £1,649,270 a net profit of £97,303, net current liabilities of £104,478 and net assets of £1,602,052 in the company's audited 2024/25 accounts). These figures include outstanding loans made to the company by the Council of £7,184,959 (£6,932,840 in 2024/25).

Aequus Construction Ltd (ACL)

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

The company's draft un-audited accounts to 31st March 2026 show a turnover of £5,144,019 a net loss of £204,942, net current assets of £1,759,516 and net assets of £1,271,549. (Turnover of £11,804,264 a net profit of £932,076, net current assets of £2,089,994 and net assets of £2,107,491 in the company's audited 2024/25 accounts). These figures include outstanding loans made to the company by the Council of £500,000 (NIL in 2024/25).

Aequus Regeneration Bath Quays LLP (LLP)

The LLP was incorporated on 26th January 2026 and started trading in February 2026. No accounts have been produced for 2025/26 as the first set of accounts will be for the 14 Months ending 31/03/2027. No material transactions have been identified for the first two months of operation. The Council own 99% of the shared in the LLP and ACL hold the remaining 1%.

Aequus Group Holdings Ltd (AGHL)

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

46 HERITAGE ASSETS; FURTHER INFORMATION ON THE COLLECTIONS

Roman Baths Museum

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

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

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

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

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

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

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

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

Bath Record Office

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

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

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

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

Fashion Collection

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

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

Victoria Art Gallery

The Victoria Art Gallery's collections of fine and decorative art date from the 16th century to the present day. To a significant extent they tell the story of art in the city of Bath and the surrounding area. Most of the 15,000+ items in the collection were acquired by way of gift and bequest. Valuations are carried out by the museum's curator, and where necessary supplemented with advice sought from an external source.

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

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

Library Service

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

The collection is divided into 4 categories:

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

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

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

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

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

NOTES TO MAIN FINANCIAL STATEMENTS

47 CITY REGION DEAL

Background

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

A 'baseline' level of rates for each Local Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2014. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Local Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Local Authorities.

Transactions

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

Tier 1: to ensure that no individual Local Authority is any worse off than it would have been under the national local government finance system,

Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,

Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these are reflected under 'Cash Transactions' in the table below. Expenditure and Revenue recognised in the Council's CIES is also disclosed:

| | Cash Transactions | | Revenue & Expenditure | |
|--|------------------------------------|---------------------------------------|------------------------------|--------------------------|
| | Business Rates Pool Total £'000 | of which the Council's Share £'000 | Council Expenditure £'000 | Council Revenue £'000 |
| Funds held by BRP at 1 April 2025 | (79,603) | (2,129) | 0 | 0 |
| Receipts into the Pool in-year: | | | | |
| - Growth sums payable by Councils to BRP in-year | (49,440) | (1,255) | 994 | 0 |
| Distributions out of the Pool in-year: | | | | |
| - Tier 1 no worse off | 16,586 | 449 | 0 | (449) |
| - BRP Management Fee | 42 | 11 | 0 | 0 |
| - EDF Management Fee | 73 | 18 | 0 | 0 |
| - Tier 2 EDF funding | 11,056 | 196 | 0 | (72) |
| - Tier 3 Demographic and service pressures | 11,901 | 320 | 0 | (1,091) |
| Funds held by the BRP at 31 March 2026 | (89,383) | (2,390) | | |
| Analysed between: | | | | |
| Uncommitted cash (Tier 2 incl. Contingency) | (4,443) | (115) | 12 | n/a |
| Committed cash not yet allocated | (84,940) | (2,276) | 250 | n/a |
| | (89,383) | (2,390) | | |
| Expenditure / (Revenue) recognised | | | 1,256 | (1,612) |

As stated under the accounting policy note for the City Region Deal, growth paid over to the BRP is recognised as expenditure by each Council to the extent that the use of the funds by the BRP has been incurred. Remaining cash is recognised by each Council as a debtor.

The Council's share of this committed and uncommitted cash balance held by the BRP (£2.390m) has been recognised in the accounts and is held in an earmarked reserve to smooth the impact of City Region Deal transactions, and match the release of revenue support and charges for projects. The BRP has made several payments totalling £11.056m on behalf of the EDF in 2025/26.

The council itself has recognised revenue income of £4.352m (2024/25: £4.352m) from the BRP and expenditure of £1.612m (2024/25: £0.682m) to the BRP for the year.

NOTES TO MAIN FINANCIAL STATEMENTS

48 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES & ESTIMATES & ERRORS

Restatement of Service Income & Expenditure

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income & Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2025/26 Code requires that authorities present expenditure and income on services on the bases of its reportable segments. These reportable segments are based on the Authority's reporting structure. The Authority's reportable segments are the Cabinet Portfolios, and following a change to the Cabinet structure during 2025/26, the Portfolios of responsibility are structured differently to those included in the 2024/25 Statement of Accounts. This note shows how the net expenditure and income has been restated.

| | As originally reported in the CIES 2024/25 £'000 | Adjustments between Cabinet Portfolio structure £'000 | As Restated 2024/25 £'000 |
|---|--|--|---------------------------------|
| NET EXPENDITURE | | | |
| Cabinet Portfolio | | | |
| Leader | (116) | (655) | (771) |
| Council Priorities & Delivery | 7,523 | (7,523) | - |
| Resources | 17,713 | 28,728 | 46,441 |
| Economic & Cultural Sustainable Developm't | (9,268) | (15) | (9,283) |
| Adult Services | 57,533 | 91 | 57,624 |
| Children's Services | 54,315 | (10,894) | 43,421 |
| Climate Emergency & Sustainable Travel | 1,771 | (1,771) | - |
| Built Environment & Sustainable Development | 1,358 | (1,358) | - |
| Neighbourhood Services | 29,745 | (29,745) | - |
| Highways | 4,441 | (4,441) | - |
| Sustainable Bath & North East Somerset | - | 3,998 | 3,998 |
| Sustainable Transport Strategy | - | (8,230) | (8,230) |
| Built Environment, Housing & Sustainable Dev. | - | 1,539 | 1,539 |
| Communications & Community | - | 6,245 | 6,245 |
| Sustainable Transport Delivery | - | 24,031 | 24,031 |
| Cost of Services | 165,015 | - | 165,015 |
| GROSS EXPENDITURE | | | |
| Cabinet Portfolio | | | |
| Leader | 656 | (656) | - |
| Council Priorities & Delivery | 8,968 | (8,968) | - |
| Resources | 61,295 | 33,348 | 94,643 |
| Economic & Cultural Sustainable Developm't | 21,704 | 133 | 21,837 |
| Adult Services | 120,228 | 189 | 120,417 |
| Children's Services | 149,463 | (11,487) | 137,976 |
| Climate Emergency & Sustainable Travel | 5,581 | (5,581) | - |
| Built Environment & Sustainable Development | 12,198 | (12,198) | - |
| Neighbourhood Services | 39,227 | (39,227) | - |
| Highways | 25,675 | (25,675) | - |
| Sustainable Bath & North East Somerset | - | 5,343 | 5,343 |
| Sustainable Transport Strategy | - | 10,412 | 10,412 |
| Built Environment, Housing & Sustainable Dev. | - | 12,654 | 12,654 |
| Communications & Community | - | 14,930 | 14,930 |
| Sustainable Transport Delivery | - | 26,784 | 26,783 |
| Cost of Services | 444,995 | - | 444,995 |
| GROSS INCOME | | | |
| Cabinet Portfolio | | | |
| Leader | (772) | 1 | (771) |
| Council Priorities & Delivery | (1,445) | 1,445 | - |
| Resources | (43,582) | (4,620) | (48,202) |
| Economic & Cultural Sustainable Developm't | (30,972) | (148) | (31,120) |
| Adult Services | (62,695) | (98) | (62,793) |
| Children's Services | (95,148) | 593 | (94,555) |
| Climate Emergency & Sustainable Travel | (3,810) | 3,810 | - |
| Built Environment & Sustainable Development | (10,840) | 10,840 | - |
| Neighbourhood Services | (9,482) | 9,482 | - |
| Highways | (21,234) | 21,234 | - |
| Sustainable Bath & North East Somerset | - | (1,345) | (1,345) |
| Sustainable Transport Strategy | - | (18,642) | (18,642) |
| Built Environment, Housing & Sustainable Dev. | - | (11,115) | (11,115) |
| Communications & Community | - | (8,685) | (8,685) |
| Sustainable Transport Delivery | - | (2,752) | (2,752) |
| Cost of Services | (279,980) | - | (279,980) |

COLLECTION FUND 2025/26

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 Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

| | Notes | £'000 | 2025/26 £'000 | 2024/25 £'000 |
|--|----------|-----------|------------------|------------------|
| INCOME | | | | |
| Council Tax | 2 | (161,269) | | (149,604) |
| Income collectable from business ratepayers | 3 | (73,509) | | (69,069) |
| | | | (234,778) | (218,673) |
| EXPENDITURE | | | | |
| Council Tax - Precepts and demands | | | | |
| Bath & North East Somerset | | 133,585 | | 124,020 |
| Avon & Somerset Police | 1 | 20,810 | | 19,336 |
| Avon Fire | 1 | 6,418 | | 5,917 |
| | | | 160,813 | 149,273 |
| National Non-Domestic Rates (NNDR) | | | | |
| Central share payment to Government | | - | | - |
| Local share payment to Bath & North East Somerset | | 65,861 | | 62,308 |
| Local share payment to WECA | | 3,503 | | 3,314 |
| Local share payment to Avon Fire Authority | | 701 | | 663 |
| Transfer of City Deal Growth Disregard to General Fund | 6 | 1,257 | | 656 |
| Transfer of Renewable Energy Growth Disregard to General Fund | | 31 | | 20 |
| Cost of Collection Allowance | | 266 | | 268 |
| Interest charged to the collection fund | | 101 | | 85 |
| | | | 71,720 | 67,314 |
| Impairments of debts/Appeals provision | | | | |
| Contribution to Provision for Bad Debts | 4 | | 1,185 | 564 |
| Contribution to Provision for NNDR Appeals | 5 | | 1,969 | 1,796 |
| Contributions | | | | |
| Contribution towards previous year's estimated Collection Fund Surplus/(Deficit) | | | 7,461 | (361) |
| | | | 243,148 | 218,586 |
| (Surplus) / Deficit for the Year | | | 8,370 | (87) |
| (Surplus) / Deficit Brought Forward as at 1 April | | | (5,860) | (5,773) |
| (Surplus) / Deficit as at 31 March | 7 | | 2,510 | (5,860) |
| Council Tax Surplus / (Deficit) to be refunded to Police & Fire Authorities | | | (115) | 65 |
| NNDR Surplus / (Deficit) to be refunded / charged to Government, WECA & Fire Authority | | | (110) | 329 |
| Bath & North East Somerset (Surplus) / Deficit | | | 2,285 | (5,466) |

NOTES TO THE COLLECTION FUND

1 The Collection Fund

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

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

| | Precept 2025/26 £'000 | Surplus / (Deficit) 2025/26 £'000 | Precept 2024/25 £'000 | Surplus / (Deficit) 2024/25 £'000 |
|--------------------------------------|-----------------------------|--|-----------------------------|---|
| The Avon & Somerset Police Authority | 20,810 | 104 | 19,336 | (39) |
| The Avon Fire Authority | 6,418 | 32 | 5,917 | (12) |

2 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands. Estimated values at 1 April 1991 are used for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Bath & North East Somerset Council, the Police Authority and the Fire Authority for the forthcoming year and dividing this by the Council Tax base (adjusted for discounts) of 70,973.86 (69,255.90 for 2024/25). This amount of Council Tax for a Band D property £2,265.80 (£2,155.39 for 2024/25) is multiplied by the proportion specified for the particular band to give an individual amount due.

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

| | Discounted Properties | Ratio to Band D | Band D Equivalents |
|--|--------------------------|--------------------|-----------------------|
| Band A - Disabled Relief | 13 | 5/9 | 7 |
| Band A | 6,850 | 6/9 | 4,566 |
| Band B | 16,822 | 7/9 | 13,084 |
| Band C | 18,085 | 8/9 | 16,075 |
| Band D | 12,989 | 9/9 | 12,989 |
| Band E | 9,444 | 11/9 | 11,542 |
| Band F | 5,426 | 13/9 | 7,837 |
| Band G | 4,816 | 15/9 | 8,027 |
| Band H | 405 | 18/9 | 810 |
| | | | 74,937 |
| Overall Adjustment for Council Tax Support and Technical Changes | | | (3,963) |
| Council Tax Base | | | 70,974 |

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

The income for 2025/26 is receivable from the following sources:-

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Billed to Council Tax payers | (161,166) | (149,525) |
| Localism Act Discounts funded from General Fund | (7) | (14) |
| DWP Benefits funded from General Fund | (2) | 1 |
| Foster Carers Locally Defined Discount funded from General Fund | (32) | (15) |
| Care Leavers Locally Defined Discount funded from General Fund | (63) | (52) |
| Council Tax Covid-19 Hardship Relief funded from General Fund | 1 | 1 |
| Council Tax Support Fund | - | 1 |
| | (161,269) | (149,603) |

NOTES TO THE COLLECTION FUND

3 Income collectable from business ratepayers - National Non-Domestic Rates (NNDR)

The Council collects NNDR for its area based on local rateable values multiplied by a uniform business rate set nationally by Central Government. The national multipliers for 2025/26 were 49.9 pence for qualifying small businesses and 55.5 pence for all other businesses, subject to transitional arrangements. The NNDR income after reliefs of £73.407 million for 2025/26 (£68.984 million for 2024/25) resulted from a total rateable value at 31 March 2026 of £191.193 million (2024/25: £193.577 million).

Until 2013/14, the total amount due, less certain allowances, was paid to an NNDR pool administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, based on a fixed amount per head of population.

From 1 April 2013, the NNDR scheme changed following the introduction of a business rates retention scheme where local authorities retain a proportion of the total amount due (49% for B&NES and 1% for Avon Fire Authority), subject to safety net and levy payments on disproportionate losses or growth. The remaining 50% was paid to Central Government and redistributed to local authorities as Revenue Support Grant.

In 2017/18 a number of 100% Business Rate Retentions pilot schemes were agreed by central government in areas with signed devolution deals. This included a pilot scheme for the West of England which includes Bath & North East Somerset Council, Bristol City Council, South Gloucestershire Council and the West of England Combined Authority (WECA). Under the pilot, B&NES retains 94% of business rates, with WECA retaining 5% and Avon Fire Authority retaining 1%. The Council's Revenue Support Grant is no longer received directly from the Central Government and has been rolled into the pilot scheme.

The closing deficit on the business rates retention scheme in 2025/26 is £1.834m (£5.474m surplus in 2024/25). The surplus is to be allocated to the Council (94%), WECA (5%) and Fire Authority (1%) based on the proportional shares agreed under the 100% retention pilot.

4 Council Tax and NNDR - Provision for Bad Debts

The Collection Fund account provides for bad debts on Council Tax and NNDR arrears as shown below:

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Council Tax | | |
| Balance at 1 April | 2,320 | 1,704 |
| Write-offs during the year | (395) | 223 |
| Contributions to provisions during the year | 718 | 393 |
| Net Increase/(Decrease) in Provision | 323 | 616 |
| Balance at 31 March | <u>2,643</u> | <u>2,320</u> |
| NNDR | | |
| Balance at 1 April | 974 | 1,045 |
| Write-offs during the year | (364) | (242) |
| Contributions to provisions during the year | 467 | 171 |
| Net Increase/(Decrease) in Provision | 103 | (71) |
| Balance at 31 March | <u>1,077</u> | <u>974</u> |
| Total | | |
| Balance at 1 April | 3,294 | 2,749 |
| Write-offs during the year | (759) | (19) |
| Contributions to provisions during the year | 1,185 | 564 |
| Net Increase/(Decrease) in Provision | 426 | 545 |
| Balance at 31 March | <u>3,720</u> | <u>3,294</u> |

The closing balances represent the impairment allowances for the estimated amounts that may become uncollectable in future.

5 Provision for Appeals

An estimate of the impact of business rate appeals, where businesses believe they have been overcharged and have made an appeal to the Valuation Office Agency (VOA), has been made, including for the effect of backdated appeals costs prior to 1 April 2026.

| | 2025/26 £'000 | 2024/25 £'000 |
|---|------------------|------------------|
| Balance at 1 April | 5,474 | 5,530 |
| Cost of Appeals settled during the year | (2,740) | (1,852) |
| Contributions to provisions during the year | 1,969 | 1,796 |
| Net Increase/(Decrease) in Provision | (771) | (56) |
| Balance at 31 March | <u>4,703</u> | <u>5,474</u> |

The net reduction in appeals provision is mainly due to the impact of settled appeals in respect of the 2023 and 2017 rating list and the release from the 2017 rating list provision, due to the closure of the 2017 rating list as at 31st March 2023 and review of outstanding appeals as at 31st March 2026. Provision for appeals on the 2023 rating list has been made at 3.4% of the net business rates payable.

NOTES TO THE COLLECTION FUND

6 City Deal Growth Disregard

From 2014/15, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise Area. The growth is transferred to the Council's General Fund before being pooled with other participating authorities (see Note 47 to the Main Financial Statements for full details).

7 Balance of Fund & Distribution

As at 31 March 2026, the balance on the Collection Fund stood at an overall deficit of £2.511m

The credit balance for Council Tax, due to the Council, Police and Fire Authority, and the credit balance for Non-Domestic Rates, due to the Council, the West of England Combined Authority and the Fire Authority, is as follows:

| | Council Tax | NDR | Total |
|---|--------------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| Central Government | - | - | - |
| Bath & North East Somerset | 562 | 1,724 | 2,286 |
| West of England Combined Authority (WECA) | - | 92 | 92 |
| Avon & Somerset Police | 88 | - | 88 |
| Avon Fire Authority | 27 | 18 | 45 |
| | 677 | 1,834 | 2,511 |

Surpluses declared by the Collection Fund are apportioned to the precepting bodies in subsequent financial years.
Deficits likewise, are proportionately charged to the precepting bodies in following financial years.

NARRATIVE REPORT

Introduction

In common with many other local authorities, Bath & North East Somerset Council has created separate companies with its partners to further the goals of the Council. The use of separate companies means that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Financial Statements more fully reflect the overall financial picture of the Council's activities.

This section presents the statutory financial statements for Bath & North East Somerset Council Group (the Group) for the period from 1 April 2025 to 31 March 2026. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Group Financial Statements is to provide the reader with an overall view of the material economic activities of the Council.

These Group Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where applicable, the accounting policies of its subsidiaries are aligned with the policies of the Council where transactions are material. Details of policies which related solely to the subsidiary, which cover elements of business the Council as a single entity does not cover, have been added to the group accounts.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2026, with comparative figures for the previous financial year.

Consolidation of subsidiaries

Inclusion Within The Group Financial Statements

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures. The meaning of these terms are outlined below:

Subsidiary - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent."

Associate - "An associate is an entity over which an investor (the Council) has significant influence."

Joint Venture - "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council has two material subsidiary companies which are both 100% owned, these are:
Aequus Developments Limited (ADL) &
Aequus Construction Limited (ACL)

Both ACL and ADL are 100% owned subsidiary of Aequus Group Holdings Limited (AGHL), which is a non-trading parent company. As AGHL is 100% owned by the Bath & North East Somerset Council, both ADL & ACL are treated as separate companies 100% owned by the Council.

In year the Council set up a forth company Aequus Regeneration Bath Quays LLP (LLP), in which the Council owns 99% of the Shares and ACL owns the remaining 1% of shares.

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

More detail regarding each of these organisations can be found in note G3.

The Council does not currently have any material associate or joint venture arrangements with any other entities.

Further detail regarding the Council's relationship with the above companies is given in Note 36 of the Council's Statement of Accounts.

The following statements consolidate the accounts of the Council with those of its subsidiaries. Transactions between the Council and its Group entities are eliminated on consolidation.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2025/26

This statement shows the income and expenditure recognised by the Group during the reporting period.

Activities of the subsidiaries have been added as a separate line item in the expenditure on services section. Subsidiary figures also feed in to the Financing and Investment Income and Expenditure and Taxation and Non-Specific Grant income line items.

| Notes | 2024/25 | 2024/25 | 2024/25 | | 2025/26 | 2025/26 | 2025/26 |
|-------|-----------------------------------|-----------------------------------|---------------------------------|--|-----------------------|-----------------------|------------------------------|
| | Gross Exp £'000 Restated | Gross Inc £'000 Restated | Net Exp £'000 Restated | Expenditure on Services | Gross Exp £'000 | Gross Inc £'000 | Net Exp £'000 |
| | - | (771) | (771) | Leader | - | (681) | (681) |
| | 5,343 | (1,345) | 3,998 | Sustainable Bath & North East Somerset | 6,537 | (2,164) | 4,373 |
| | 90,916 | (48,180) | 42,736 | Resources | 88,020 | (45,093) | 42,927 |
| | 21,837 | (31,120) | (9,283) | Economic & Cultural Sustainable Developm't | 25,060 | (30,488) | (5,428) |
| | 120,417 | (62,793) | 57,624 | Adult Services | 132,129 | (72,191) | 59,938 |
| | 137,976 | (94,555) | 43,421 | Children's Services | 160,375 | (103,786) | 56,589 |
| | 10,412 | (18,642) | (8,230) | Sustainable Transport Strategy | 9,005 | (18,357) | (9,352) |
| | 12,654 | (11,115) | 1,539 | Built Environment, Housing & Sustainable Dev. | 29,124 | (26,414) | 2,710 |
| | 14,930 | (8,685) | 6,245 | Communications & Community | 15,254 | (8,700) | 6,554 |
| | 26,783 | (2,752) | 24,031 | Sustainable Transport Delivery | 30,271 | (2,633) | 27,638 |
| | 12,558 | (10,818) | 1,740 | Activities of Subsidiaries | 7,317 | (4,461) | 2,856 |
| | 453,826 | (290,776) | 163,050 | Cost of Services - continuing Operations | 503,092 | (314,968) | 188,124 |
| | | | 7,739 | Other Operating Expenditure | | | 8,476 |
| | | | | Financing and Investment Income & Expenditure | | | 2,596 |
| | | | (186,486) | Taxation and Non-Specific Grant Income | | | (206,984) |
| | | | (7,203) | (Surplus) or Deficit on Provision of Services | | | (7,788) |
| | | | (37,158) | (Surplus) or Deficit on Upward Revaluation of Non-current Assets | | | (17,082) |
| | | | 5,887 | (Surplus) or Deficit on Downward Revaluation of Non-current Assets | | | 6,862 |
| | | | (43,159) | Remeasurement of the net defined benefit liability | | | (8,761) |
| | | | (74,430) | Other Comprehensive Income & Expenditure | | | (18,981) |
| | | | (81,633) | Total Comprehensive Income & Expenditure | | | (26,769) |

GROUP MOVEMENT IN RESERVES STATEMENT 2025/26

This statement shows the movement in the year on the different reserves held, analysed into 'usable reserves' (that is, those that can be applied to fund expenditure or reduce local taxation) and other reserves.

| <u>Current Year</u> | Total General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves | Total Council Reserves | Council's share of reserves of subsidiaries | Total Group Reserves |
|---|-------------------------------------|--------------------------------|--------------------------------|-----------------------------|----------------------|------------------------------|--|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 31 March 2025 | 91,782 | 8,782 | - | 100,563 | 398,375 | 498,937 | 4,079 | 503,017 |
| Movements During 2025/26: | | | | | | | | |
| Adjustment to Opening Balance | | | | - | | - | (369) | (369) |
| Total Comprehensive Income & Expenditure | 8,673 | | | 8,673 | 18,982 | 27,654 | (885) | 26,770 |
| Adjustments between group accounts and Council accounts | 681 | | | 681 | | 681 | (681) | - |
| Net Increase/ (Decrease) before transfers | 9,354 | - | - | 9,354 | 18,982 | 28,335 | (1,566) | 26,770 |
| Adjustments between accounting basis and funding basis under statutory provisions | (8,073) | (1,176) | 20 | (9,229) | 9,229 | - | - | - |
| Increase / (Decrease) during year | 1,280 | (1,176) | 20 | 124 | 28,211 | 28,335 | (1,566) | 26,770 |
| Transfers to / (from) earmarked reserves | (681) | | | (681) | | (681) | 681 | - |
| Balance at 31 March 2026 | 92,381 | 7,606 | 20 | 100,007 | 426,584 | 526,589 | 2,825 | 529,415 |
| <u>Comparative Year</u> | | | | | | | | |
| | Total General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves | Total Council Reserves | Council's share of reserves of subsidiaries | Total Group Reserves |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 31 March 2024 | 86,441 | 7,711 | - | 94,152 | 332,151 | 426,303 | 3,452 | 429,754 |
| Movements During 2024/25: | | | | | | | | |
| Adjustment to Opening Balance | | | | - | (8,370) | (8,370) | | (8,370) |
| Total Comprehensive Income & Expenditure | 6,576 | | | 6,576 | 74,430 | 81,006 | 627 | 81,634 |
| Adjustments between group accounts and Council accounts | 771 | | | 771 | | 771 | (771) | - |
| Net Increase/ Decrease before transfers | 7,347 | - | - | 7,347 | 74,430 | 81,777 | (144) | 81,634 |
| Adjustments between accounting basis and funding basis under statutory provisions | (1,235) | 1,071 | - | (164) | 164 | - | | - |
| Increase / (Decrease) during year | 6,112 | 1,071 | - | 7,182 | 74,594 | 81,777 | (144) | 81,634 |
| Transfers to / (from) earmarked reserves | (771) | | | (771) | | (771) | 771 | - |
| Balance at 31 March 2025 | 91,782 | 8,782 | - | 100,563 | 398,375 | 498,937 | 4,079 | 503,017 |

GROUP BALANCE SHEET as at 31 MARCH 2026

The Group Balance Sheet summarises the financial position of the Council and its two subsidiaries as a whole. It shows the value of group assets and liabilities at the end of the financial year.

| Notes | 31 March 2025 £'000 | | 31 March 2026 £'000 |
|-----------|---------------------------|--------------------------------------|---------------------------|
| | 338,329 | Property, Plant & Equipment: | |
| | 3,466 | Land & Buildings | 346,136 |
| | 21,121 | Community Assets | 3,452 |
| | 53,356 | Vehicles, Plant & Equipment | 20,170 |
| | 3,571 | Assets under Construction | 71,204 |
| | 155,248 | Surplus assets | 5,345 |
| | 52,143 | Infrastructure | 166,053 |
| | 239,155 | Heritage Assets | 52,210 |
| | 306 | Investment Property | 237,965 |
| G4 | 2,160 | Intangible Assets | 165 |
| | - | Long Term Debtors | 2,891 |
| | 868,854 | Deferred tax asset | - |
| | | Long Term Assets | 905,590 |
| | 7,648 | Short Term Investments | 7,808 |
| | 2,485 | Inventories | 1,441 |
| G4 | 61,641 | Short Term Debtors | 65,170 |
| | 26,521 | Cash and Cash Equivalents | 24,316 |
| | - | Assets Held for Sale | - |
| | 10 | Deferred tax asset | - |
| | 98,305 | Current Assets | 98,735 |
| | (67,914) | Short Term Borrowing | (56,441) |
| G5 | (65,241) | Short Term Creditors | (80,155) |
| | (1,808) | Grants Receipts In Advance - Revenue | (2,903) |
| | (25,974) | Grants Receipts In Advance - Capital | (30,553) |
| | (160,937) | Current Liabilities | (170,052) |
| | (9,354) | Long Term Creditors | (9,847) |
| | (6,645) | Provisions | (4,420) |
| | (212,719) | Long Term Borrowing | (236,519) |
| | (325) | Deferred tax liability | (6) |
| | (46,886) | Other Long Term Liabilities | (28,431) |
| | (27,276) | Grants Receipts In Advance - Capital | (25,635) |
| | (303,205) | Long Term Liabilities | (304,858) |
| | 503,017 | Net Assets | 529,415 |
| | 104,642 | Usable reserves | 102,831 |
| | 398,375 | Unusable Reserves | 426,584 |
| | 503,017 | Total Reserves | 529,415 |

GROUP CASH FLOW STATEMENT

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period.

| 2024/25 | | 2025/26 |
|--------------|--|----------------|
| £'000 | | £'000 |
| 7,203 | Net surplus or (deficit) on the provision of services | 7,788 |
| 16,185 | Adjustment to surplus or deficit on the provision of services for non cash movements | 29,791 |
| (34,612) | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (56,090) |
| (36) | Tax Paid | (381) |
| (11,260) | Operating Activities | (18,892) |
| (18,049) | Investing Activities | 2,632 |
| 28,833 | Financing Activities | 14,055 |
| <u>(475)</u> | Net Increase/(decrease) in cash equivalents | <u>(2,205)</u> |
| 26,996 | Cash & cash equivalents at the beginning of the reporting period | 26,521 |
| 26,521 | Cash & cash equivalents at the end of the reporting period | 24,316 |

NOTES TO GROUP FINANCIAL STATEMENTS

G1 Accounting policies

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

Members within the Group have been classified as subsidiaries as they are 100% council owned. The subsidiaries have been consolidated into the Group Financial Statements on a line by line basis.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council entity accounts. Where there are no material differences, the Notes to the Council entity accounts provide the required disclosures. Where material, Accounting policies of the individual members of the Group have been aligned to the Council's accounting policies.

The accounting policies applied to the Group Financial Statements are consistent with those set out in Note 1 to the Council entity accounts, with additional policies specific to the Group set out below. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

1.1 Inventories

Inventories are initially stated at cost or at the fair value at acquisition date and then held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the company.

1.2 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

1.3 Assets recognised from costs to fulfil a contract

Assets are recognised in relation to costs incurred in developing assets that will be used to fulfil future contracts. Contract assets are initially stated at cost or at the fair value at acquisition date and then held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the company.

G2 Bodies not consolidated

The following have not been consolidated in to the Group Financial Statements for 2025/26.

| Entity | Reason |
|--------------------------------------|---|
| Aequus Group Holdings Limited (AGHL) | Immaterial subsidiary - Non-Trading Holding Company |
| Aequus Regeneration Bath Quays LLP | Immaterial subsidiary - Incorporated January 2026 |

Aequus Group Holdings Limited (AGHL)

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

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

Aequus Regeneration Bath Quays LLP

Aequus Regeneration Bath Quays LLP was incorporated on 26th January 2026 and started trading in February 2026. No accounts have been produced for 2025/26 as the first set of accounts will be the 14 months ending 31/03/2027. Having reviewed the transactions as at 31/03/2026 these were deemed not to be material.

NOTES TO GROUP FINANCIAL STATEMENTS

G3 Bodies Consolidated

The Council has consolidated two of its Subsidiaries into its Group Financial Statements, these are Aequus Developments Ltd (ADL) & Aequus Construction Limited (ACL).

Aequus Developments Ltd (ADL)

ADL is a wholly owned subsidiary of Aequus Group Holdings Limited (AGHL), established to develop, deliver, own and manage existing properties on behalf of Bath & North East Somerset Council (the Council). The principle activity of ADL in the year under review was that of an investment property company.

The draft accounts for the year to 31 March 2026 for ADL have been summarised below, with comparator figures for the previous reporting period.

| | Year ended 31 March 2025 (from audited accounts) £'000 | Year ended 31 March 2026 £'000 |
|--------------------------------------|--|-----------------------------------|
| Aequus Developments Ltd (ADL) | | |
| Profit for the year | 97 | 1 |
| Other Comprehensive Income | (3) | - |
| Total Comprehensive Income | 94 | 1 |
| Net assets | 1,602 | 1,553 |

Aequus Construction Ltd (ACL)

ACL is a wholly owned subsidiary of Aequus Group Holdings Limited (AGHL), established to deliver the construction and development of sites for Bath & North East Somerset Council (the Council). The principal activity of the company in the year under review was that of property development and construction.

The draft accounts for the year to 31 March 2026 for ACL have been summarised below, with comparator figures for the previous reporting period.

| | Year ended 31 March 2025 (from audited accounts) £'000 | Year ended 31 March 2026 £'000 |
|--------------------------------------|--|-----------------------------------|
| Aequus Construction Ltd (ACL) | | |
| Profit for the year | 932 | (205) |
| Other Comprehensive Income | - | - |
| Total Comprehensive Income | 932 | (205) |
| Net assets | 2,107 | 1,272 |

G4 Debtors

| 2024/25 £'000 | | 2025/26 £'000 |
|------------------|--|------------------|
| | Amounts falling due in one year: | |
| 9,499 | Central Government bodies | 9,036 |
| 20,967 | Other local authorities | 19,524 |
| 4,518 | NHS bodies | 2,560 |
| 11,678 | Other entities and individuals (Trade Debtors) | 16,374 |
| 11,589 | Other entities and individuals (Non-Trade Debtors) | 14,798 |
| 3,390 | Prepayments | 2,878 |
| <u>61,641</u> | Total - Current Assets | <u>65,170</u> |
| | Amounts falling after one year: | |
| £'000 | Other entities and individuals | £'000 |
| 2,160 | | 2,891 |
| <u>2,160</u> | Total - Long Term Assets | <u>2,891</u> |

G5 Creditors

| 2024/25 £'000 | | 2025/26 £'000 |
|------------------|--|------------------|
| | Amounts falling due in one year: | |
| 2,673 | Central Government bodies | 3,788 |
| 9,457 | Other local authorities | 10,683 |
| 1,112 | NHS bodies | 5,194 |
| 17,909 | Other entities and individuals (Trade Creditors) | 25,355 |
| 19,549 | Other entities and individuals (Non-Trade Creditors) | 23,224 |
| 680 | Lease Liabilities | 619 |
| 7,306 | Income Received in Advance | 5,945 |
| 6,555 | Pension Fund | 5,347 |
| <u>65,241</u> | Total - Current Liabilities | <u>80,155</u> |
| | Amounts falling after one year: | |
| 5,995 | Lease Liabilities | 5,725 |
| 3,359 | Other entities and individuals | 4,122 |
| <u>9,354</u> | Total - Long Term Liabilities | <u>9,847</u> |

PENSION FUND ACCOUNTS 2025/26

Fund Account

For the Year Ended 31 March 2026

| | Notes | 2025/26 £'000 | 2024/25 £'000 |
|---|-------|-------------------------|------------------|
| Dealings with members, employers and others directly involved in the fund | | | |
| Contributions Receivable | 4 | (259,369) | (250,877) |
| Transfers In | | (21,755) | (17,577) |
| | | <u>(281,124)</u> | <u>(268,454)</u> |
| Benefits Payable | 5 | 260,961 | 250,293 |
| Payments to and on account of Leavers | 6 | 20,043 | 20,062 |
| | | <u>281,004</u> | <u>270,355</u> |
| Net (additions) / withdrawals from dealings with member | | (120) | 1,901 |
| Management Expenses | 7 | 35,389 | 29,799 |
| Net (additions)/withdrawals including fund management expenses | | <u>35,269</u> | <u>31,700</u> |
| Returns on Investments | | | |
| Investment Income | 8 | (93,621) | (61,263) |
| Profits and losses on disposal of investments and change in value of investments | 9 | (336,715) | 68,519 |
| Net Returns on Investments | | <u>(430,336)</u> | <u>7,256</u> |
| Net (Increase) / Decrease in the net assets available for benefits during the year | | (395,067) | 38,956 |
| Opening Net Assets of the Fund | | 5,786,575 | 5,825,531 |
| Closing Net Assets of the Fund | | <u>6,181,642</u> | <u>5,786,575</u> |

Net Assets Statement at 31 March 2026

| | Notes | 31 March 2026 £'000 | % | 31 March 2025 £'000 | % |
|--|--------|---------------------------|--------------|---------------------------|-------|
| INVESTMENT ASSETS | | | | | |
| Property Pooled Investment vehicles | | 691,129 | 11.2 | 674,285 | 11.7 |
| Non-Property Pooled Investment Vehicles | | 5,259,114 | 85.1 | 4,903,436 | 84.7 |
| Cash Deposits | | 231,728 | 3.7 | 183,012 | 3.2 |
| Derivative Contracts (Foreign Exchange hedge) - Gross Asset | 9 & 10 | 6,047 | 0.1 | 21,512 | 0.4 |
| Derivative Contracts: FTSE Futures - Gross Asset | 9 | - | - | 0 | - |
| Other Investment balances | | 1,207 | - | 1,407 | - |
| Total Investment Assets | | <u>6,189,225</u> | | <u>5,783,652</u> | |
| Long-Term Investments | | 786 | - | 750 | - |
| INVESTMENT LIABILITIES | | | | | |
| Derivative Contracts (Foreign Exchange hedge) - Gross Liability | 9 & 10 | (20,412) | (0.3) | (8,259) | (0.1) |
| Derivative Contracts: FTSE Futures - Gross Liability | 9 & 10 | (1,536) | - | (1,113) | - |
| Other Investment balances | | - | - | (369) | - |
| Total Investment Liabilities | | <u>(21,948)</u> | | <u>(9,741)</u> | |
| TOTAL NET INVESTMENT ASSETS | 10 | <u>6,168,063</u> | | <u>5,774,661</u> | |
| Long Term Debtors | 12a | 223 | - | 240 | |
| Net Current Assets | | | | | |
| Current Assets | 12 | 21,698 | 0.4 | 20,534 | 0.4 |
| Current Liabilities | 12 | (8,342) | (0.1) | (8,860) | (0.2) |
| Net assets of the scheme available to fund benefits at the period end | | <u>6,181,642</u> | 100.0 | <u>5,786,575</u> | 100.0 |

An analysis of Non-Property Pooled Investment Vehicles is included within note 10 to the accounts

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2026. The actuarial present value of these liabilities is disclosed in note 15.

Notes to Accounts - Year Ended 31 March 2026

1 INTRODUCTION & STATEMENT OF ACCOUNTING POLICIES

1.1 Description of Fund

The Fund is administered by Bath & North East Somerset Council, under arrangements made following the abolition of the former Avon County Council on 31 March 1996.

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended)

Membership of the Fund is open to pensionable employees of scheduled bodies in the former Avon County area, together with employees of eligible designating and admission bodies. A list of employers with contributing scheme members can be found in note 25.

Employers' contributions are payable at the rate specified for each employing authority by the Fund's actuary. The employees' contribution rate is payable in accordance with the Local Government Pension Scheme Regulations 2013 (as amended).

Introduction to the Statement of Accounts

- 1.2 This statement comprises the Statement of Accounts for the Avon Pension Fund (the Fund). The accounts cover the financial year from 1 April 2025 to 31 March 2026.
- 1.3 These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting ('Code of Practice') in the United Kingdom 2025/26 based on International Financial Reporting Standards as published by the Chartered Institute of Public Finance and Accountancy. The accounts have been prepared on an accruals basis, except for certain transfer values as described at 'Statement of Accounting Policies' – item 1.22. They do not take account of liabilities to pay pensions and other benefits in the future.

1.4 Actuarial Valuations

As required by the Local Government Pension Scheme Regulations 2013 (as amended) an actuarial valuation of the Fund was carried out as at 31 March 2025. The key elements of the funding policy are as follows:

- Ensure sufficient funds are available to meet all benefits as they fall due for payment
- Recover any shortfall in assets relative to the value of accrued liabilities over a reasonable timeframe
- Keep employer contributions as stable as possible and at reasonable cost whilst achieving and maintaining fund solvency, taking into account the risk appetite of the administering authority and scheme employers
- Maximise the return from investments within acceptable risk parameters

The market value of the Fund's assets at the valuation date was £5,787m. The Actuary estimated that the value of the Fund was sufficient to meet 106% of its expected future liabilities of £5,448m in respect of service completed to 31 March 2025, with a surplus of £339m.

- 1.5 At the 2025 valuation the average deficit recovery and surplus release periods for the Fund overall were set at 12 years.
- 1.6 The 2025 actuarial valuation was carried out using the projected unit actuarial method. The main assumptions used to set employers' contributions are set out in the table below:

| | Past Service Liabilities (Primary Contribution Rate) | Future Service Liabilities (Secondary Contribution Rate) |
|--|---|---|
| Rate of return on investments (discount rate) | 4.85% per annum | 5.9% per annum |
| Rate of pay increases (long term) | 4.1% per annum | 4.1% per annum |
| Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension) | 2.6% per annum | 2.6% per annum |

- 1.7 The 2025 triennial valuation was completed during 2025/26 using market prices and membership data as at 31 March 2025. This valuation set the employer contribution rates for future service and deficit recovery payments and surplus releases (expressed as a monetary amount annually) with effect from 1 April 2026. The discount rate used in the 2025 valuation is based on CPI plus a real investment return of 3.3% p.a. for past service (the secondary contribution rate) and CPI plus 2.25% p.a. for future service (the primary contribution rate). The discount rate for the lower risk investment strategy was 5.4% per annum.
- 1.8 The Actuary has estimated that the funding level is 109% as at 31 March 2026 based on the 2025 valuation assumptions. The funding level calculation is based on a CPI Plus Discount basis (which is a different approach from valuing liabilities as prescribed by IAS 26).
- 1.9 The 2022 valuation includes the estimated cost of McCloud Judgement, based on the proposed remedy. The estimated cost is an increase in the past service liabilities at the valuation date of £70m. This represents 1.2% of total past service liabilities and is included in the liability figure and secondary contribution rate stated above.

The McCloud Regulations became effective on 1 October 2023. The past service liabilities at the 31st March 2025 include an estimated allowance for the McCloud remedy. This has been calculated in line with the actual data provided for the 2025 valuation and in line with national guidance. As the remedy end date is 31 March 2022, the Primary Contribution Rate effective from 1 April 2026 does not include an allowance for McCloud.

PENSION FUND ACCOUNTS 2025/26

- 1.10 **Note 15** to the accounts shows the actuarial present value of promised retirement benefits for the purposes of IAS 26 using the assumptions and methodology of IAS 19. The discount rate referenced for IAS19 is the Corporate Bond yield. The discount rate used for the Actuarial Valuation references the Fund's investment strategy.
- 1.11 The Fund's Funding Strategy Statement can be found on the Fund's website <https://www.avonpensionfund.org.uk/about-fund/investments> and is summarised within the Fund's Annual Report. The purpose of the Funding Strategy Statement is to set out a clear and transparent funding strategy that will identify how each employer's pension liabilities are to be met going forward.

Investment Strategy Statement

- 1.12 The Fund's Investment Strategy Statement (ISS) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) can be found on the Fund's website [avonpensionfund.org.uk](https://www.avonpensionfund.org.uk) (search Investment Strategy Statement) and is summarised within the Fund's Annual Report. The ISS is updated following strategic reviews.
- 1.13 The Fund's assets are currently managed externally by investment managers appointed and monitored by the Fund. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) require funds to pool their investment assets. For the year to March 2026, the Fund is a member of Brunel Pension Partnership Limited (Brunel), an established FCA regulated company responsible for managing the assets of the pool. Each of the 10 LGPS funds in the pool act as shareholders, owning an equal share of the company.

All the Fund's listed and liquid assets are managed by Brunel with only illiquid legacy mandates and the local impact portfolio being directly managed by the Fund. Brunel is responsible for appointing and monitoring managers and other investment related operational aspects of the Fund.

1.14 Government reforms to the Local Government Pension Scheme Pooling Arrangements in England and Wales.

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

Brunel's proposal put forward by the company and its clients was rejected by the government as it did not meet the Government's vision for the future of the LGPS. As a result the Avon Pension Fund was directed to select an alternative pool to meet the government's criteria. Post the accounting period, Brunel Pension Partnership has begun the winding up process, and Avon Pension Fund became a client of LPPI Ltd (the FCA authorised pool company) and transferred assets to this new pool. Alongside this, Bath and North East Somerset Council as the Administering Authority become a shareholder in LPPI Holdings Ltd the holding company and owner of LPPI Ltd. These arrangements will form part of next year's accounts which will also capture the impact of transition costs.

The fund's 10% shareholding in Brunel Pension Partnership Ltd is valued at £0.78m in the balance sheet. Although not considered material to the accounts, there remains uncertainty as to the amount of capital to be returned to the Fund upon the successful wind up of Brunel Pension Partnership. The Fund recognises and has considered these risks and has decided not to make any adjustment to the financial statements but will continue to review as more clarity on the wind up of Brunel develops.

- 1.15 The Fund has implemented three investment strategies to manage specific risks within the asset portfolio. These strategies are held within a Qualified Alternative Investment Fund (QAIF), managed by BlackRock.
- (i) A Liability Driven Investment strategy provides a hedge against changes in the value of the pension liabilities within the asset portfolio. This strategy consists of bonds and derivatives such as gilt repurchase agreements, structured to achieve the desired hedge profile.
 - (ii) An Equity Protection Strategy to protect the funding position against significant falls in equity markets. The strategy uses Over the Counter Equity Option Index Swaps.
 - (iii) A Low Risk Investment Strategy where the assets (mainly corporate bonds) better match the liability profile of the employers within the strategy. These employers include those that have exited the Fund and those that have chosen a less risky investment strategy to explicitly manage investment risk.

Statement of Accounting Policies

Basis of Preparation

- 1.16 Except where otherwise stated, the accounts have been prepared on an accruals basis, i.e. income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The accounts have been prepared on a going concern basis.

Investments

- 1.17 Investments are shown in the accounts at fair value, which has been determined as follows:
- i) Quoted Securities have been valued at 31 March 2026 by the Fund's custodian using the market bid-price or 'last trade' on the final day of the accounting period.
 - ii) Unquoted investments. The fair value of investments for which market prices are not readily available is determined as follows:
 - Pooled vehicles for property, unithold insurance policies and other managed funds are valued at the net asset value advised by the investment manager
 - Limited partnerships. Fair value is based on the net asset value ascertained from periodic valuations provided by the partnership
 - Pooled investment vehicles are valued at the closing bid price where bid and offer prices are published; or if a single net asset value, at the closing single price.Where audited valuations are not available at the accounting date, unaudited valuations as at 31 March 2026 or audited valuations lagged by a quarter adjusted for known cash flows are used.
All valuations are subject to the custodian's and fund managers internal controls. Valuations are also subject to an external audit.
 - iii) Fixed interest securities are recorded at net market value based on their current yields and exclude interest earned but not paid over at the year end, which is included separately within investment debtors.
 - iv) Foreign currency transactions are recorded at the prevailing spot rate at the date of transaction. Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates ruling as at 31 March 2026.
 - v) Derivative contracts are included in the Net Asset Statement at their fair market value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract. The amounts included in the change in market value are the realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.
 - vi) Forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. Foreign currency transactions are recorded at the prevailing rate at the date of transaction.
 - vii) The only Long Term Investment is shares in Brunel Pension Partnership Ltd. Its fair value is based on the value of equity in Brunel Pension Partnership Ltd accounts.
 - viii) Acquisition costs of investments (e.g. stamp duty and commissions) are treated as part of the investment cost.
 - ix) Investment debtors and creditors at the year-end are included in investment assets in accordance with the CIPFA code of practice on local authority accounting.
 - x) The Fund's surplus cash is managed separately from the surplus cash of Bath and North East Somerset Council (B&NES) and is treated as an investment asset.

PENSION FUND ACCOUNTS 2025/26

Contributions

- 1.18 Contributions represent those amounts receivable from the employing bodies in respect of their own and their pensionable employees' contributions. Employers' contributions are determined by the Actuary on the basis of triennial valuations of the Fund's assets and liabilities and take into account the Funding Strategy Statement set by the administering authority. The rates applying in 2025/26 relate to the 2022 valuation and the employer contribution rates range from 12.5% to 41.1%. Employees' contributions have been included at the rates prescribed by the Local Government Pension Scheme Regulations 2013 (as amended). The employee contribution rates range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. The deficit contribution is expressed as a cash sum, and ranges from £0 to £1.9 millions.
- 1.19 Normal contributions both from members and the employer are accounted for on an accruals basis in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Benefits, Refunds of Contributions and Cash Transfer Values

- 1.20 From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up-rated annually in line with the Consumer Prices Index.
- 1.21 Benefits payable and refunds of contributions have been brought into the accounts as they fall due.
- 1.22 Cash Transfer Values are those sums paid to or received from other pension schemes and relate to previous periods of pensionable employment. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. Accruals are only made when it is certain that a transfer is to take place.
- 1.23 Charges for splitting pensions on divorce are either invoiced to members or, on request, paid out of future benefits. In the case of payment from future benefits the charge against benefits and income to the Fund are both made in the current year. The charges are index linked to pension's increases to ensure that the Fund receives the full value.

Investment Income

- 1.24 Dividends and interest have been accounted for on an accruals basis, based on figures provided by the custodian. Some of the income on pooled investments is accumulated and reflected in the valuation of the units and some (mainly property) is distributed.

Investment Management & Administration

- 1.25 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 permit Bath & North East Somerset Council to charge administration costs to the Fund. A proportion of relevant Council costs has been charged to the Fund on the basis of time spent on Pension Fund business.
- 1.26 The fees charged by the Fund's external investment managers reflect their differing mandates. Fees are linked to the market value of the Fund's investments and therefore may increase or reduce as the value of the assets change. Management fees are recognised in the year in which the management services are provided. A provision has been made for performance fees that have been incurred but are subject to phased payments or are not to be paid until the realisation of the related investments. These remain subject to change as a consequence of future performance. Fees are also payable to the Fund's global custodian and other advisors.

Taxation

- 1.27 The Fund is not liable to UK income tax, on income derived from investments, under Section 186 of the Finance Act 2004, nor is it liable to capital gains tax under section 271 Taxation of Chargeable Gains Act 1992. As Bath & North East Somerset Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. For taxation of overseas investment income please see note 3 iv. in the Notes to the Accounts.

PENSION FUND ACCOUNTS 2025/26

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

- 1.28 The Statement of Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be materially different from the assumptions and estimates. Estimates are used in the valuation of unquoted investments and in the actuarial valuation for the purposes of IAS 26 (note 15) in which the actuarial calculation of the liability is subject to the professional judgement of the Scheme Actuary. The Fund's investments are stated at fair value. The subjectivity of the inputs used in making an assessment of fair value is explained in note 24.

The items in the financial statements for which there is a significant risk of material adjustment the following year are as follows:

| Item | Uncertainties | Effect if actual results differ from assumptions |
|---|--|---|
| Unlisted Assets | The Hedge Fund (£11m), Infrastructure (£753m), Private Debt (£286m), Private Equity (£8m) and closed-ended Property Funds (£124m) investments are not publicly listed and as such there is a degree of estimation involved in their valuation. Where possible the valuation techniques use observable or transaction based inputs; however there is reliance on non-observable inputs which increases the degree of uncertainty. | A +/-10% change in the valuations of the Property Limited Partnerships, Hedge Fund and Infrastructure assets included in the accounts for these portfolios would result in an increase or reduction of +/- £118m in total Fund assets. Note 24 shows the sensitivity of these assets to changes in value in more detail. |
| Actuarial present value of promised retirement benefits (Note 15) | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercer, a firm of consulting actuaries, is engaged to provide the authority with expert advice about the assumptions to be applied. The estimated total value of the Fund's promised retirement benefits as at 31 March 2026 is £5,608 million. | The effects on the actuarial present value of promised retirement benefits (the Fund's liabilities) of changes in individual assumptions can be measured. For instance, based on the 2025 actuarial valuation results: <ul style="list-style-type: none"> • a 0.25% per annum increase in the real investment return assumption would increase the surplus by £190m (to £529m) • a 0.25% per annum increase in the assumed pensionable salary growth would reduce the surplus by £17m (to £322m) • a 0.25% per annum increase in the long term improvement rate in life expectancy would reduce the surplus by £29m (to £310m) |

Events After the Balance Sheet Date

- 1.29 The Statement of Accounts is adjusted to reflect events that occur after the end of the reporting period that provide evidence of conditions that existed at the end of the reporting period, should they occur. The Statement of Accounts is not adjusted to reflect events that are indicative of conditions that arose after the reporting period, but where material, disclosure is made in the notes of the nature and estimated financial effect of such events.

Financial Instruments

- 1.30 Financial Assets and Liabilities are recognised on the Balance Sheet when the Fund becomes a party to the contractual provisions of a financial instrument and are measured at fair value or amortised cost.

Going Concern

- 1.31 These accounts have been prepared on a going concern basis. The concept of going concern assumes that the Pension Fund will continue in operation for the foreseeable future.

Critical Judgements in Applying Accounting Policies

- 1.32 It has not been necessary to make any material critical judgements in applying accounting policies about complex transactions or those involving estimation uncertainty about future events during 2025/26.

PENSION FUND ACCOUNTS 2025/26

2 MEMBERSHIP

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

| | 31 March 2026 | 31 March 2025 |
|--|-----------------------|------------------|
| Employed Members | 42,266 | 41,658 |
| Pensioners | 42,678 | 41,009 |
| Members entitled to Deferred Benefits | 46,020 | 45,439 |
| Undecided Leavers | 10,880 | 14,064 |
| TOTAL | <u>141,844</u> | <u>142,170</u> |

The numbers of members have been extracted from the underlying membership records in the live system as at 31 March 2026, including comparative figures

3 TAXATION

(i) **Value Added Tax**

The Fund's administering authority, Bath & North East Somerset Council, is reimbursed VAT by HM Revenue and Customs and the accounts are shown exclusive of VAT.

(ii) **Income Tax**

The Fund is a wholly exempt fund and some UK income tax is recoverable from HM Revenue and Customs. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax.

(iii) **Capital Gains Tax**

No capital gains tax is chargeable.

(iv) **Taxation of Overseas Investment Income**

Where the Fund receives interest on overseas government interest bonds portfolios which is gross, a variety of arrangements apply to the taxation of interest on corporate bonds and dividends on overseas equities.

4 CONTRIBUTIONS RECEIVABLE

Contributions receivable are analysed below:-

| | 2025/26 £'000 | 2024/25 £'000 |
|--|-----------------------|------------------|
| Employers' normal contributions | | |
| Scheduled Bodies | 155,171 | 144,957 |
| Administering Authority | 19,032 | 17,121 |
| Admission Bodies | 6,140 | 7,207 |
| | <u>180,343</u> | <u>169,285</u> |
| Employers' deficit Funding | | |
| Scheduled Bodies | 10,955 | 14,741 |
| Administering Authority | 1,734 | 1,653 |
| Admission Bodies | -87 | 1,105 |
| | <u>12,602</u> | <u>17,499</u> |
| Total Employer's normal & deficit funding | <u>192,945</u> | <u>186,784</u> |
| Employers' contributions - Augmentation | | |
| Scheduled Bodies | 2,472 | 4,293 |
| Administering Authority | 377 | 515 |
| Admission Bodies | 83 | 74 |
| | <u>2,932</u> | <u>4,882</u> |
| Members' normal contributions | | |
| Scheduled Bodies | 54,255 | 50,287 |
| Administering Authority | 6,874 | 6,095 |
| Admission Bodies | 1,788 | 1,977 |
| | <u>62,917</u> | <u>58,359</u> |
| Members' contributions toward additional benefits | | |
| Scheduled Bodies | 404 | 706 |
| Administering Authority | 124 | 105 |
| Admission Bodies | 47 | 41 |
| | <u>575</u> | <u>852</u> |
| Total | <u>259,369</u> | <u>250,877</u> |

Contributions from admission bodies were significantly lower than in the prior year. This decrease is primarily due to the non-receipt of a scheduled deficit recovery contribution from one admission body, which is currently subject to an ongoing legal dispute.

The Members' contributions towards additional benefits above represent members' purchase of added years or additional benefits under the Scheme. Augmentation contributions are paid by employers to meet the cost of early retirements.

A further facility is provided whereby members can make Additional Voluntary Contributions, on a money purchase basis, which are invested in insurance policies with Legal & General, Utmost Life & Pensions or Aviva on behalf of the individual members concerned. These contributions are not part of the Pension Fund and are not therefore reflected in the Fund's accounts. A statement of the value of these investments is given in note 18.

PENSION FUND ACCOUNTS 2025/26

5 BENEFITS PAYABLE

Analysis of Gross Benefits Payable by Type:-

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Retirement Pensions | 216,407 | 207,455 |
| Commutation of Pensions and Lump Sum Retirement Benefits | 39,424 | 39,194 |
| Lump Sum Death Benefits | 5,130 | 3,644 |
| | <u>260,961</u> | <u>250,293</u> |

Analysis of Gross Benefits Payable by Employing Body:-

| | 2025/26 £'000 | 2024/25 £'000 |
|--------------------------------|------------------|------------------|
| Scheduled & Designating Bodies | 211,052 | 203,609 |
| Administering Authority | 28,716 | 25,983 |
| Admission Bodies | 21,193 | 20,701 |
| | <u>260,961</u> | <u>250,293</u> |

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

Leavers

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Refunds to members leaving service | 986 | 956 |
| Individual Cash Transfer Values to other schemes | 17,730 | 18,504 |
| Group Transfers | 1,327 | 602 |
| | <u>20,043</u> | <u>20,062</u> |

A group transfer took place between Restart Employment and Skills Limited (Weston College) to Greater Manchester Pension Fund as at 1st July 2024. The value of the transfer is estimated to be approximately £240,000 and will take place in 2026/27.

A further group transfer took place between Offender Learning Services and Milton Keynes College in Buckingham Pension Fund on 1st October 2025. The transfer value will be determined in 2026/27.

PENSION FUND ACCOUNTS 2025/26

7 MANAGEMENT EXPENSES

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

| | 2025/26 | 2024/25 |
|--------------------------------|----------------------|----------------------|
| | £'000 | £'000 |
| Administrative Costs | 6,070 | 4,542 |
| Oversight & Governance Costs | 3,640 | 2,970 |
| Investment Management Expenses | 25,679 | 22,287 |
| | <u>35,389</u> | <u>29,799</u> |

Further Analysis of Management Expenses:-

Administrative Costs

| | | |
|----------------------------------|---------------------|---------------------|
| Management Costs | 4,287 | 3,327 |
| Administration and Processing | 1,423 | 938 |
| Service from Administrating Body | 525 | 450 |
| Fees and Income | (165) | (173) |
| | <u>6,070</u> | <u>4,542</u> |

Oversight & Governance Costs

| | | |
|----------------------------------|---------------------|---------------------|
| Management costs | 1,229 | 1,247 |
| Specialist advice and Governance | 2,500 | 1,824 |
| Actuarial recharges | (217) | (239) |
| Audit Fees | 128 | 138 |
| | <u>3,640</u> | <u>2,970</u> |

Investment Management Expenses (Note 7a)

| | | |
|--|----------------------|----------------------|
| | 25,679 | 22,287 |
| | <u>35,389</u> | <u>29,799</u> |

Management costs within Oversight & Governance Costs include investments, actuarial and accounting staff costs. Audit fees include; the £0.107m external audit fee (2024/25 £0.106m), £0.010m 2025 triennial valuation data testing, £0.003m relating to IAS 19 Assurances for 23/24 and £0.008m relating to IAS 19 Assurances for 25/26. Internal audit costs are included within Specialist advice and Governance.

7a INVESTMENTS MANAGEMENT EXPENSES

| 2025/26 | Total | Management Fees | Performance related fees | Transaction costs |
|------------------------|----------------------|-----------------|--------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Equity | - | - | - | - |
| Pooled Property | 1,952 | 1,937 | 15 | - |
| Private Infrastructure | 3,339 | 3,339 | - | - |
| Derivatives | 429 | 429 | - | - |
| Pooled Investments * | 19,916 | 16,485 | 3,427 | 4 |
| | 25,636 | 22,190 | 3,442 | 4 |
| Custody Fees | 43 | | | |
| Total | <u>25,679</u> | | | |
| | | | | |
| 2024/25 | Total | Management Fees | Performance related fees | Transaction costs |
| | £'000 | £'000 | £'000 | £'000 |
| Equity | - | - | - | - |
| Pooled Property | 2,156 | 2,163 | (7) | - |
| Private Infrastructure | 3,500 | 3,500 | - | - |
| Derivatives | 481 | 481 | - | - |
| Pooled Investments * | 16,105 | 12,900 | 3,200 | 5 |
| | 22,242 | 19,044 | 3,193 | 5 |
| Custody Fees | 45 | | | |
| Total | <u>22,287</u> | | | |

* Included within Pooled Investments is £3.683m (£1.889m in 24/25). £2.050m of this relates to core investment services. A further £1.643m was paid for Brunel who required capital because of a non-going concern provision in their accounts. This is due to the expectation that the company will be wound up in 2026/27.

Fund Manager Performance Fees include fees that have been accrued but are subject to phased payment or not due to be paid until the realisation of the related assets. Unpaid fees remain subject to variation as a result of future performance. Total fund manager fees include management charges for pooled investments that are settled directly within the pooled vehicles in accordance with the investment management agreement.

The performance fees included in 25/26 represent an increase in the provision for pooled property of £0.015m. For Pooled investments there is a payment in year of £3.015m and an increase in provision of £0.412m. The current total provision for performance fees is included in note 12 Current Asset and Liabilities.

Of the £25.6m of investment management fees, £14.0m relates to the fees paid to the underlying managers of the portfolios managed by Brunel. Fees were higher year on year due to higher returns on assets and asset allocation changes.

PENSION FUND ACCOUNTS 2025/26

8 INVESTMENT INCOME

| | 2025/26 £'000 | 2024/25 £'000 |
|--|------------------|------------------|
| Dividends from equities | 39 | 17 |
| Income from pooled Property Investments | 23,121 | 15,689 |
| Income from other pooled investment vehicles | 61,518 | 36,408 |
| Interest on cash deposits | 8,943 | 9,149 |
| Other Income | - | - |
| TOTAL | 93,621 | 61,263 |

Brunel operates a securities lending programme for its clients for select portfolios with their custodian, where eligible securities are lent to third parties in exchange for fees paid. The third parties provide collateral which is held for the duration of the loan(s). The income from this programme is not distributed but accumulates within the relevant Brunel pooled fund. At the year end, the Fund had no stock on loan. During the year the Fund's share of stock lending was £0.07m. The Fund does not operate a securities lending programme outside of the Brunel portfolios.

9 CHANGE IN TOTAL NET ASSETS

Change in Total Net Assets 2025/26

| Change in Market Value of Investments | Value at | Purchases | Sales | Change in | Value at |
|---------------------------------------|-------------------|------------------|-------------------|--------------------------|-------------------|
| | 31/03/25 £'000 | at Cost £'000 | Proceeds £'000 | Market Value £'000 | 31/03/26 £'000 |
| Bonds | | | | | - |
| Equities | | - | (279) | 279 | - |
| Long Term Investments | 750 | - | - | 36 | 786 |
| Pooled Investments- | | | | | |
| - Property | 674,285 | 258,694 | (246,777) | 4,927 | 691,129 |
| - Non Property | 4,903,436 | 724,846 | (648,801) | 279,633 | 5,259,114 |
| Derivatives | | | | | |
| - Foreign Exchange Hedge | 13,253 | 33,020 | (81,423) | 20,785 | (14,365) |
| - FTSE Futures | (1,113) | 426 | (13,185) | 12,336 | (1,536) |
| Sub Total | 5,590,611 | 1,016,986 | (990,465) | 317,996 | 5,935,128 |
| Other Investment Balances: | | | | | |
| - Cash Deposits | 183,012 | | | | 231,728 |
| - Amount receivable for sales | 364 | | | | 58 |
| - Payable for purchases | (369) | | | | - |
| - Investment Debtors & Creditors | 1,043 | | | | 1,149 |
| Total Investment Assets | 5,774,661 | | | 317,996 | 6,168,063 |

Reconciliation to Fund Account:

| | £'000 |
|---|----------------|
| Change in market value of Investment Assets | 317,996 |
| Net Purchases & Sales | 26,521 |
| Movement in other Investment Balances | 48,885 |
| Movement in Long Term Debtors | (17) |
| Movement in Current Assets | 1,682 |
| Less Net Revenue of Fund | (58,352) |
| Profits and losses on disposal of investments and change in value of investments | 336,715 |

The **Change in Market Value** of investments comprises all gains and losses on Fund investments during the year, whether realised or unrealised.

The **Change in Market Value** for cash deposits represents net gains on foreign currency deposits and foreign exchange transactions during the year.

Derivatives. The purchases and sales of derivatives are shown at the values of the realised profits and losses of the net derivatives transactions.

The Net Revenue of Fund equals the Net Withdrawals / additions including fund management expenses (£35.269m) plus Investment income (£-93.621m) as shown in the Fund account.

PENSION FUND ACCOUNTS 2025/26

Change in Total Net Assets 2024/25

| Change in Market Value of Investments | Value at 31/03/24 £'000 | Purchases at Cost * £'000 | Sales Proceeds * £'000 | Change in Market Value £'000 | Value at 31/03/25 £'000 |
|---------------------------------------|-------------------------------|---------------------------------|------------------------------|---------------------------------------|-------------------------------|
| Bonds | | | | | - |
| Equities | | | | | - |
| Long Term Investments | 722 | - | - | 28 | 750 |
| Pooled Investments- | | | | | |
| - Property | 680,454 | 22,604 | (25,344) | (3,429) | 674,285 |
| - Non Property | 4,950,627 | 141,207 | (68,225) | (120,173) | 4,903,436 |
| Derivatives | | | | | |
| - Foreign Exchange Hedge | 12,635 | 26,517 | (58,994) | 33,095 | 13,253 |
| - FTSE Futures | 688 | 1,159 | (6,055) | 3,095 | (1,113) |
| Sub Total | 5,645,126 | 191,487 | (158,618) | (87,384) | 5,590,611 |
| Other Investment Balances: | | | | | |
| - Cash Deposits | 162,500 | | | | 183,012 |
| - Amount receivable for sales | 6,333 | | | | 364 |
| - Payable for purchases | (9) | | | | (369) |
| - Investment Debtors & Creditors | 1,095 | | | | 1,043 |
| Total Investment Assets | 5,815,045 | | | (87,384) | 5,774,661 |

Reconciliation to Fund Account:

| | £'000 |
|---|-----------------|
| Change in market value of Investment Assets | (87,384) |
| Net Purchases & Sales | 32,869 |
| Movement in other Investment Balances | 14,131 |
| Movement in Long Term Debtors | (17) |
| Movement in Current Assets | 1,445 |
| Less Net Revenue of Fund | (29,563) |
| Profits and losses on disposal of investments and change in value of investments | (68,519) |

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

10 INVESTMENT ASSETS

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

| | 31 March 2026 £'000 | 31 March 2025 £'000 |
|--|---------------------------|---------------------------|
| Non-Property Pooled Investment Vehicles | | |
| Global Equity | 2,042,153 | 1,840,916 |
| Risk Management Strategy | 1,488,770 | 1,295,182 |
| Diversified Growth Funds | - | 385,269 |
| Infrastructure | 752,935 | 745,623 |
| Multi Asset Credit | 670,036 | 369,145 |
| Hedge Funds | 11,024 | 15,206 |
| Private Debt | 285,818 | 252,095 |
| Private Equity | 8,378 | - |
| | <u>5,259,114</u> | <u>4,903,436</u> |
| Other Investments | | |
| Pooled Property Investments | 691,129 | 674,285 |
| Derivative contracts | | |
| • Foreign Exchange Hedge | 6,047 | 21,512 |
| • Derivative contracts: FTSE Futures | - | - |
| | <u>697,176</u> | <u>695,797</u> |
| Cash deposits | 231,728 | 183,012 |
| Investment Income due | 1,149 | 1,043 |
| Amounts receivable for sales | 58 | 364 |
| Total Investment Assets | <u>6,189,225</u> | <u>5,783,652</u> |
| Long Term Investments | | |
| Equities | <u>786</u> | <u>750</u> |
| Investment Liabilities | | |
| Derivative contracts | | |
| • Foreign Exchange Hedge | (20,412) | (8,259) |
| • Derivative contracts: FTSE Futures | (1,536) | (1,113) |
| Amounts payable for purchases | - | (369) |
| Total Investment Liabilities | <u>(21,948)</u> | <u>(9,741)</u> |
| Total Net Investments | <u>6,168,063</u> | <u>5,774,661</u> |

During the year a number of strategic asset allocation changes were implemented including full divestment from the Brunel Diversifying Returns Fund, funding an increase in the Brunel Multi Asset Credit Portfolio and increase in Index-Linked Gilt exposure via the BlackRock QAIF. Additional capital was committed and drawn into the Fund's local impact portfolio, funding investments in affordable housing, renewable energy and small-businesses.

The Long term investment of £0.786m represents Avon Pension Fund's share of the Brunel Pension Partnership. This share represents 10% of the Total Equity, as per Brunel's Statement of Financial Position, as at 30th September 2025.

PENSION FUND ACCOUNTS 2025/26

DERIVATIVES ANALYSIS

Open Forward Currency Contracts

| Settlement | Currency Bought | Local Value | Currency Sold | Local Value | Asset Value | Liability Value |
|--|-----------------|-------------|---------------|-------------|--------------|-----------------|
| | | 000 | | 000 | £'000 | £'000 |
| Up to one month | EUR | 36,720 | GBP | 31,936 | 198 | (8) |
| Up to one month | JPY | 2,583,000 | GBP | 12,284 | 58 | - |
| Up to one month | USD | 136,023 | GBP | 102,972 | 241 | (60) |
| Up to one month | GBP | 13,121 | JPY | 2,583,000 | 786 | (7) |
| Up to one month | GBP | 32,434 | EUR | 36,720 | 319 | (12) |
| Up to one month | GBP | 104,516 | USD | 136,023 | 1,783 | (420) |
| One to six months | EUR | 3,919 | GBP | 3,445 | 5 | (10) |
| One to six months | JPY | - | GBP | - | - | - |
| One to six months | USD | 29,239 | GBP | 21,859 | 329 | - |
| One to six months | GBP | 158,821 | EUR | 180,024 | 828 | (208) |
| One to six months | GBP | 62,957 | JPY | 12,915,000 | 907 | (167) |
| One to six months | GBP | 424,741 | USD | 571,609 | 68 | (9,117) |
| Six to twelve months | GBP | 30,894 | EUR | 35,221 | - | (196) |
| Six to twelve months | GBP | 12,492 | JPY | 2,583,000 | - | (59) |
| Six to twelve months | GBP | 506,116 | USD | 678,041 | 198 | (9,997) |
| Six to twelve months | USD | 27,197 | GBP | 20,364 | 328 | - |
| Six to twelve months | EUR | - | GBP | - | - | - |
| Six to twelve months | JPY | - | GBP | - | - | - |
| More than twelve months | GBP | 82,552 | USD | 108,474 | - | (153) |
| Total | | | | | 6,047 | (20,412) |
| Net forward currency contracts at 31st March 2026 | | | | | | (14,365) |
| Open forward currency contracts at 31 March 2025 | | | | | 21,512 | (8,259) |
| Net forward currency contracts at 31st March 2025 | | | | | | 13,253 |

Exchange Traded Derivatives held at 31 March 2026:-

| Contract Type | Expiration | Book Cost | Unrealised Gain / (Loss) |
|--|------------|-----------|--------------------------|
| | | £'000 | £'000 |
| FTSE equity futures | June 2026 | 80,470 | (1,536) |
| Exchange Traded Derivatives held at 31 March 2025:- | | | |
| FTSE equity futures | June 2025 | 71,485 | (1,113) |

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

The UK Equity futures contracts are held to facilitate efficient portfolio management for a passively managed investment where the costs of investing directly in UK equities would be significant.

Forward "over the counter" foreign exchange contracts are held to reduce the impact of fluctuations in the exchange rate between sterling and the other currency.

PENSION FUND ACCOUNTS 2025/26

Investment Assets by Manager

The proportion of the market value of investment assets managed by each external manager and in house Treasury Management at the end of the financial year was:-

| | 31 March 2026 | | 31 March 2025 | |
|--|------------------|--------------|------------------|--------------|
| | £'000 | % | £'000 | % |
| Investments managed by Brunel Pension Partnership: | | | | |
| BlackRock Risk Management Strategy | 1,488,770 | 24.1 | 1,295,199 | 22.4 |
| Brunel Renewables Portfolio | 245,416 | 4.0 | 235,618 | 4.1 |
| Brunel Secured Income Portfolio | 606,516 | 9.8 | 620,690 | 10.7 |
| Brunel Multi Asset Credit | 670,037 | 10.9 | 369,145 | 6.4 |
| Brunel Global Sustainable Equity | 698,574 | 11.3 | 648,956 | 11.2 |
| Brunel Paris Aligned Developed Equity | 509,148 | 8.3 | 441,806 | 7.7 |
| Brunel Diversified Returns Fund | - | - | 385,269 | 6.7 |
| Brunel UK Property | 195,899 | 3.2 | 188,821 | 3.3 |
| Brunel Global High Alpha Equity | 779,136 | 12.6 | 726,463 | 12.6 |
| Brunel Private Debt | 285,818 | 4.6 | 252,095 | 4.4 |
| Avon Transition Fund | - | - | 5 | 0.0 |
| | 5,479,314 | 88.8 | 5,164,067 | 89.5 |
| Investments managed outside Brunel Pension Partnership: | | | | |
| Blackrock | 55,508 | 0.9 | 23,701 | 0.4 |
| Record | 66,733 | 1.1 | 85,350 | 1.5 |
| Partners Group | 83,463 | 1.4 | 89,333 | 1.5 |
| TT International | 324 | 0.0 | 308 | 0.0 |
| IFM Investors | 267,678 | 4.3 | 246,967 | 4.3 |
| Schroder Investment Management | 13,818 | 0.2 | 13,228 | 0.2 |
| Avon Local Impact Fund | 65,604 | 1.1 | 42,243 | 0.7 |
| JP Morgan | 11,024 | 0.2 | 15,206 | 0.3 |
| Custodian Cash | 67,919 | 1.1 | 64,539 | 1.1 |
| Long Term Investment | 786 | 0.0 | 750 | 0.0 |
| Treasury Management | 55,892 | 0.9 | 28,969 | 0.5 |
| | 688,749 | 11.2 | 610,594 | 10.5 |
| TOTAL INVESTMENT ASSETS | 6,168,063 | 100.0 | 5,774,661 | 100.0 |

11 SINGLE INVESTMENTS OVER 5% OF THE FUND

The following investments represent more than 5% of the net assets of the fund.

| Investments | Value at 31st March 2026 | | Value at 31st March 2025 | |
|---|-----------------------------|----------------|-----------------------------|----------------|
| | £'000 | % of Net Asset | £'000 | % of Net Asset |
| BlackRock Risk Management Strategy | 1,488,770 | 24.08% | 1,295,199 | 22.38% |
| Brunel Global High Alpha Equity | 779,136 | 12.60% | 726,463 | 12.55% |
| Brunel Global Sustainable Equity | 698,574 | 11.30% | 648,956 | 11.22% |
| Brunel Paris Aligned Developed Equity | 509,148 | 8.24% | 441,806 | 7.64% |
| Neuberger Berman Brunel Multi Asset Credit Fund | 389,670 | 6.30% | 213,733 | 3.69% |

PENSION FUND ACCOUNTS 2025/26

12 CURRENT ASSETS AND CURRENT LIABILITIES

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2026.

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

| | 31 March 2026 £'000 | 31 March 2025 £'000 |
|--------------------------------------|---------------------------|---------------------------|
| CURRENT ASSETS | | |
| Contributions Receivable | | |
| - Employers | 15,030 | 13,846 |
| - Members | 5,146 | 4,807 |
| Discretionary Early Retirement Costs | 702 | 480 |
| Other Debtors | 820 | 1,401 |
| | <u>21,698</u> | <u>20,534</u> |
| CURRENT LIABILITIES | | |
| Management Fees | (729) | (994) |
| Provision for Performance Fees | (2,987) | (2,560) |
| Lump Sum Retirement Benefits | (2,742) | (2,714) |
| Contributions received in advance | - | - |
| Other Creditors | (1,884) | (2,592) |
| | <u>(8,342)</u> | <u>(8,860)</u> |
| NET CURRENT ASSETS | <u>13,356</u> | <u>11,674</u> |

The provision for Performance Fees includes fees that have been incurred but are subject to phased payment or not due to be paid until the realisation of the related assets. They remain subject to variation as a result of future performance.

12a LONG TERM DEBTORS

Provision has been made in the accounts for long term debtors known to be outstanding at 31 March 2026.

| | 31 March 2026 £'000 | 31 March 2025 £'000 |
|--|---------------------------|---------------------------|
| Reimbursement of lifetime tax allowances | <u>223</u> | <u>240</u> |

The Lifetime tax allowance (LTA) was introduced in 2006 and subsequently abolished from 5 April 2024. The LTA limited the amount of pension and lump sum that could be paid without an extra tax charge. Avon Pension Fund have members who elected for a debit to be put on their pension, in exchange for APF paying the tax charge upfront when they exceeded the LTA. These debits create a long- term debtor in the accounts.

13 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2026. (31 March 2025 £Nil)

14 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2026 that require any adjustment to these accounts.

PENSION FUND ACCOUNTS 2025/26

15 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSE OF IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

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

| | £m |
|--|--------------|
| Start of period liabilities | 5,612 |
| Interest on liabilities | 320 |
| Net benefits accrued/paid over the period* | (80) |
| Actuarial losses / (gains) - see below | (46) |
| End of period | 5,806 |

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

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased over the year, with a corresponding increase in discount rate from 5.8% p.a. to 6.2% p.a. The long-term assumed CPI also increased over the year from 2.6% p.a. to 2.9% p.a. The net effect is a reduction in liabilities.
- **Change in demographic assumptions:** As noted in Appendix B, the mortality assumptions have been updated to reflect the latest mortality study carried out for the 2025 actuarial valuation. This acts to slightly increase the liabilities.
- **Pension increases / inflation experience:** The figures allow for the impact of actual CPI over the year compared to the start of period assumption (experience to September 2025 fed into the April 2026 pension increase of 3.8%, and actual inflation from that point will feed into the 2027 increase). As inflation over the year was higher than the long-term assumption, this slightly increases the liabilities.
- **Allowance for 2025 actuarial valuation results:** The figures allow for the now completed 2025 actuarial valuation of the Fund. The effect of this is a reduction in liabilities.

Appendix A - additional considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the remedy and the data provided for the 2025 actuarial valuation.

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

Market volatility: There was significant volatility in markets both shortly before and after the accounting date. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

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

Appendix B – financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2026 (the 31 March 2025 assumptions are included for comparison):

| <u>Financial Assumptions</u> | 31st March 2026 | 31st March 2025 |
|--|------------------------|-----------------|
| Rate of return on investments (discount rate) | 6.20% per annum | 5.8% per annum |
| Rate of CPI Inflation / CARE benefit revaluation | 2.90% per annum | 2.6% per annum |
| Rate of pay increases | 4.40% per annum | 4.1% per annum |
| Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation | 3.00% per annum | 2.7% per annum |

| <u>Post retirement mortality assumptions (normal health)</u> | 31 March 2026 (M/F) | 31 March 2025 (M/F) |
|--|-------------------------------|--|
| Base mortality table | SAPS 4 / SAPS 4 middle | SAPS 4 / SAPS 4 middle |
| Future improvements | CMI 24 1.5% | CMI 23 1.5% |
| Additional parameters | Core Underlying | S=7, A=0 W20=W21=0%, W22=W23=15% |
| <i>Non-retired members (current age 45):</i> | | |
| Weightings | 104% / 93% | 99% / 92% |
| Life expectancies at age 65 | | |
| <i>Retired members (current age 65):</i> | | |
| Weightings | 23.2 / 26.1 | 23.2 / 26.1 |
| Life expectancies at age 65 | 97% / 90% | 94% / 94% |
| | 22.1 / 24.6 | 22.0 / 24.1 |

The start of period assumption is set based on the most recent mortality analysis as at the previous accounting date (so from the 2022 actuarial valuation), but with:

- a best estimate long-term improvement rate of 1.5%
- an update to the future improvement model (CMI 2023)
- an update to the base tables (S4 tables, with a reweighting to maintain consistency with the underlying mortality analysis)

The end of period base tables are set based on the updated analysis undertaken as part of the 2025 actuarial valuation (note that the 1.5% improvement rate is still our best estimate assumption).

Other demographic assumptions

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

Those as at the end of period are the same as those used for 2025 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2026.

PENSION FUND ACCOUNTS 2025/26

15a VALUE OF PROMISED RETIREMENT LIABILITIES

| | 31 March 2026 | 31 March 2025 |
|---|----------------|----------------|
| | £m | £m |
| Value of Net Assets per NAS | 6,182 | 5,787 |
| Present Value of promised retirement benefits | <u>(5,806)</u> | <u>(5,612)</u> |
| IAS 26 Surplus/(Deficit) in the Fund | <u>376</u> | <u>175</u> |

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025

16 TRANSFERS IN

During the year there were no group transfers into the fund.

17 AGENCY SERVICES

The Fund makes payments with regard to added year benefits awarded by the Employer to Local Government Pension Scheme members, including related pension increases. The Fund also pays a small number of other pension supplements. These are not funded by the Fund and are recharged in full. They are not included in the Fund Account.

| | 2024/25 | 2024/25 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Benefits Paid and Recharged | <u>5,633</u> | <u>5,896</u> |

The Fund also administered £4.6m pension payments on behalf of the Teachers' pension scheme (£5.1m in 2024/25). They are not included in the Fund Account. The Teachers' employers also pay for the cost of providing this service. On 1st February 2024 administration of the Fire Service was transferred to West Yorkshire Pension Fund.

18 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested in insurance policies. From January 2023 the main provider moved from Aviva to Legal & General. There are members still with Aviva or Utmost Life & Pensions due to their type of investments, however.

The total value of the assets invested and contributions paid, on a money purchase basis, with these AVC providers was:-

| | Contributions Paid 2025/26 £'000 | Market Value 31 March 2026 £'000 | Contributions Paid 2024/25 £'000 | Market Value 31 March 2025 £'000 |
|------------------------|---|---|---|---|
| Legal & General | 2,465 | 8,120 | 1,393 | 6,331 |
| Aviva | - | 165 | - | 163 |
| Utmost Life & Pensions | - | 8 | - | 16 |
| | <u>2,465</u> | <u>8,293</u> | <u>1,393</u> | <u>6,510</u> |

AVC contributions are not included in the Fund's financial statements as they do not come under the requirements of Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 regarding regulation 69(1)(a) of the Local Government Pension Scheme Regulations 2013.

PENSION FUND ACCOUNTS 2025/26

19 RELATED PARTIES

Committee Member Related:-

In 2025/26 £54,546.73 was charged to the Fund in respect of Allowances paid to the voting Members of the Avon Pension Fund Committee (£48,248.77 in 2024/25). Six voting members (including one B&NES Councillor) were members of the Local Government Pension Scheme during the financial year 2025/26. (Five voting members and one non-voting member in 2024/25, including one B&NES Councillor Member).

Independent Member Related:-

Three Independent Members were paid allowances of £14,309, £18,223 and £16,034 respectively during the year for their work in relation to the Pension Fund Committee and the Investment Panel. All three Members were paid in respect of the full year. They are entitled to claim reasonable expenses which are included in the above allowances. The Independent Members are not eligible to join the Local Government Pension Scheme.

Employer Related:-

During the year 2025/26 the Fund paid B&NES Council £611,776 for administrative services (£536,075 in 2024/25). Various Employers paid the Fund a total of £334,730 for pension related services including pension's payroll and compiling data for submission to the actuary (£139,226 in 2024/25).

Pension Board Related:-

In 2025/26 £8,836 was charged to the Fund in respect of Allowances and expenses paid to the Members of the Pension Board (£8,895 in 2024/25). Six members of the Pension Board were members of the LGPS during 2025/26 (Four members in 2024/25).

Brunel Pension Partnership Limited

Brunel Pensions Partnership Limited (BPP Ltd. Company number 10429110) was formed on the 14th October 2016 to oversee the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire Funds.

Each of the 10 administering authorities, including Bath & North East Somerset Council own 10% of BPP Ltd. In 2025/26 the Pension Fund paid BPP £3,683,044 (2024/25 £1,888,622).

Following Government LGPS pooling reforms, Brunel's proposal was rejected, requiring Avon Pension Fund to transition to LPPI Ltd. During the period, Brunel entered wind-up, and Bath & North East Somerset Council became a shareholder in LPPI Holdings Ltd, establishing a related party relationship to be reflected in future disclosures.

20 KEY MANAGEMENT REMUNERATION

The key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund, including the oversight of these activities. The key management personnel of the Fund are the Head of Pensions and the Director of Financial Services, Assurances and Pensions. It does not include the Director of Finance (S151).

| | 31 March 2026 £'000 | 31 March 2025 £'000 |
|--|---------------------------|---------------------------|
| Proportion of salary Recharged to Avon Pension Fund | 151 | 135 |
| Proportion of employers contributions recharged to Avon Pension Fund | 30 | 30 |
| | <hr/> 181 | <hr/> 165 |

21 OUTSTANDING COMMITMENTS

As at 31 March 2026 the Fund had outstanding commitments relating to investments in Property, Infrastructure, Private Debt and Local Impact funds that will be drawn down in tranches by the Investment Managers, totalling £288.7m (31 March 2025 £340.7m)

PENSION FUND ACCOUNTS 2025/26

22 FINANCIAL INSTRUMENTS

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

| 2025/26 | Fair Value through Profit and Loss | Assets at amortised cost | Financial liabilities at amortised cost |
|-------------------------------------|--|-----------------------------|---|
| | £'000 | £'000 | £'000 |
| Financial Assets | | | |
| Long Term Investments | 786 | - | - |
| Pooled Investments (Non-Property) | 5,259,114 | - | - |
| Pooled Property Investments | 691,129 | - | - |
| Derivative Contracts Futures | - | - | - |
| Derivative Contracts FX Hedge | 6,047 | - | - |
| Derivative Contracts Equity Options | - | - | - |
| Cash | 214,290 | 17,438 | - |
| Other investment balances | - | 1,207 | - |
| Debtors | - | 21,921 | - |
| Total Financial Assets | 6,171,366 | 40,566 | - |
| Financial Liabilities | | | |
| Other investment balances | - | - | - |
| Derivative Contracts Futures | (1,536) | - | - |
| Derivative Contracts FX Hedge | (20,412) | - | - |
| Creditors | - | - | (8,342) |
| Total Financial Liabilities | (21,948) | - | (8,342) |
| Total Net Assets | 6,149,418 | 40,566 | (8,342) |
| 2024/25 | | | |
| | Fair Value through Profit and Loss | Assets at amortised cost | Financial liabilities at amortised cost |
| | £'000 | £'000 | £'000 |
| Financial Assets | | | |
| Long Term Investments | 750 | - | - |
| Pooled Investments (Non-Property) | 4,903,436 | - | - |
| Pooled Property Investments | 674,285 | - | - |
| Derivative Contracts Futures | - | - | - |
| Derivative Contracts FX Hedge | 21,512 | - | - |
| Derivative Contracts Equity Options | - | - | - |
| Cash | 166,283 | 16,729 | - |
| Other investment balances | - | 1,407 | - |
| Debtors | - | 20,774 | - |
| Total Financial Assets | 5,766,266 | 38,910 | - |
| Financial Liabilities | | | |
| Other investment balances | - | - | (369) |
| Derivative Contracts Futures | (1,113) | - | - |
| Derivative Contracts FX Hedge | (8,259) | - | - |
| Creditors | - | - | (8,860) |
| Total Financial Liabilities | (9,372) | - | (9,229) |
| Total Net Assets | 5,756,894 | 38,910 | (9,229) |

As all investments are disclosed at fair value (apart from cash held at amortised cost), carrying value and fair value are therefore the same.

Net gains and losses on Financial Instruments

| | 31st March 2026 £'000 | 31st March 2025 £'000 |
|---|-----------------------------|-----------------------------|
| Financial assets | | |
| Fair value through profit & loss | 317,996 | 36,218 |
| Amortised Cost - realised gains on derecognition of assets | - | - |
| Amortised cost - unrealised gains | 18,719 | 18,463 |
| Financial Liabilities | | |
| Fair value through profit & loss | - | (123,602) |
| Amortised Cost - realised losses on derecognition of assets | - | - |
| Amortised cost - unrealised losses | - | - |
| | 336,715 | (68,921) |

23 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The primary objective of the Avon Pension Fund is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. The aim of the investment strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the portfolio of assets.

The Fund achieves this objective by investing across a diverse range of assets such as equities, bonds, property and other alternative investments in order to reduce exposure to a variety of financial risks including market risk (price, interest rate and currency risk), credit risk and liquidity risk.

Responsibility for the Fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and in market conditions.

As at 31 March 2026 Brunel Pension Partnership (Brunel) manages £5.5 billion of the Fund's assets while the remaining assets are managed by other external Investment Managers. Managers are required to invest in accordance with the terms of the agreed investment guidelines that set out the relevant benchmark, performance target, asset allocation ranges and any restrictions. The Avon Pension Fund Committee has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment portfolio and its Investment Consultant advises on the nature of the investments made and associated risks.

The Fund's investments are held by State Street Bank and Trust who acts as custodian on behalf of the Fund.

Because the Fund adopts a long-term investment strategy, the high-level risks described below will not normally alter significantly during any one year unless there are significant strategic or tactical changes to the portfolio. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions. Although Brunel is the investment manager for a number of asset classes, it appoints a number of underlying managers to each portfolio, so there is sufficient manager diversification within the Fund.

(a) Market Risk

Market risk is the risk of loss from fluctuations in market prices, interest rates, credit spreads and currencies. The Fund is exposed through its investment portfolio to all these risks. The level of risk depends on market conditions, expectations of future price and yield movements and asset allocation. The objective of the investment strategy is to identify, manage and control market risk within acceptable parameters, while optimising the return.

Volatility in market risk is primarily managed through diversification across asset class and underlying investment managers.

Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate caused by factors other than interest rates or currencies. These changes can be caused by factors specific to the individual instrument, its issuer or factors affecting the market in general e.g., geopolitical or trade tensions and will affect the assets held by the Fund in different ways.

All investments present a risk of loss of capital. By diversifying its investments across asset classes, geography and industry sectors, investment mandate guidelines and managers the Fund aims to reduce its exposure to price risk. Diversification seeks to reduce the correlation of price movements. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the Committee against the strategic benchmark.

The fluctuation in equity prices is the largest source of market risk within the portfolio over the longer term; the maturity profile of the Fund and strong underlying covenants underpin the allocation to equities which are expected to deliver higher returns over the long term. However due to the significant volatility in bond prices over the last few years, the Risk Management Strategies exhibits the highest price volatility in the portfolio. As these assets are a better match for the liabilities, they help reduce the total risk within the Fund.

The Fund has an equity hedging strategy in place to protect from a significant fall in equity values and is structured to protect the downside and to cap the upside above a fully funded position based on the current funding plan. The hedge applies to half of the overall equity exposure.

To limit the financial risk associated with climate change the Fund minimises its exposure to carbon intensive assets through allocations to Paris Aligned and more sustainable equity assets. In addition, it invests in renewable infrastructure projects that will power a low carbon economy. The analysis below does not take account of the potential impact of climate change on asset prices, however climate change scenario modelling is a factor in the triennial valuation of the Fund's liabilities.

PENSION FUND ACCOUNTS 2025/26

Market Price Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns of the assets held within the Fund (provided by the Fund's advisors). The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the three years to 31 March 2026. This analysis assumes all other variables including interest rates and foreign currency exchange rates remain the same.

Movements in market prices could increase or decrease the net assets available to pay benefits by the amounts shown below. However, the likelihood of this risk materialising in normal circumstances is low by virtue of the diversification within the Fund.

The equity hedge does not affect the expected volatility of the equity assets.

The analysis for the year ending 31 March 2026:

| Asset Type | Value | % Change | Value on Increase | Value on Decrease |
|--------------------------------|------------------|----------|-------------------|-------------------|
| | £'000 | | £'000 | £'000 |
| Global Equities | 2,040,617 | 10.3% | 2,250,801 | 1,830,433 |
| Risk Management Strategies | 1,488,770 | 27.8% | 1,902,648 | 1,074,892 |
| Multi Asset Credit | 670,036 | 3.1% | 690,807 | 649,265 |
| Property | 691,129 | 1.2% | 699,423 | 682,835 |
| Fund of Hedge Funds | 11,024 | 3.1% | 11,366 | 10,682 |
| Infrastructure | 752,935 | 10.3% | 830,487 | 675,383 |
| Private Debt | 285,818 | 5.7% | 302,110 | 269,526 |
| Private Equity | 8,378 | 17.5% | 9,844 | 6,912 |
| Long Term Investment | 786 | 17.5% | 924 | 648 |
| Cash & Equivalents | 218,570 | 0.2% | 219,007 | 218,133 |
| Total Investment Assets | 6,168,063 | | 6,917,416 | 5,418,710 |

The analysis for the year ending 31 March 2025 is shown below:

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates which will affect the value of fixed interest and index linked securities, as held through the Fund's Risk Management Strategy and Multi Asset Credit (MAC) portfolio.

The Fund's exposure to interest rate movements on these investments is provided below. Cash includes the cash deposits held against futures contracts.

| | 31st March 2026 | 31st March 2025 |
|---------------------------|--------------------|--------------------|
| | £'000 | £'000 |
| Cash and Cash Equivalents | 218,570 | 197,303 |
| Multi Asset Credit | 670,036 | 369,145 |
| Risk Management Strategy | 1,488,770 | 1,295,182 |
| Total | 2,377,376 | 1,861,631 |

Interest Rate Risk - Sensitivity Analysis

Fluctuations in interest rates can affect both income to the Fund and the value of the net assets to pay benefits. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the effect on the value of the Risk Management Strategy and MAC portfolio as at 31 March 2026 of a 100 basis point (1%) change in interest rates. The analysis assumes that all other variables including foreign currency exchange rates remain constant.

The Fund has implemented a strategy to better match or hedge its liabilities with bond assets through its Risk Management Strategies. The primary 'matching' instruments used in these strategies include physical instruments such as fixed interest and index-linked Government bonds (financed through "repurchase" agreements), corporate bonds and derivative instruments such as interest-rate and inflation swaps.

PENSION FUND ACCOUNTS 2025/26

An increase or decrease of 100 basis points (bps) in interest rates would have increased or decreased the net assets by the amount shown below.

As at 31 March 2026

| | Change in net assets | | |
|---------------------------|----------------------|------------------|----------------|
| | Value | +100 bps | -100 bps |
| | £'000 | £'000 | £'000 |
| Cash and Cash Equivalents | 218,570 | - | - |
| Multi Asset Credit | 670,036 | (18,627) | 18,627 |
| Risk Management Strategy | 1,488,770 | (415,516) | 415,516 |
| Total | 2,377,376 | (434,143) | 434,143 |

A 1% rise in interest rates will reduce the fair value of the relevant net assets and vice versa. Changes in interest rates do not impact the value of cash balances but they will affect the interest income received on those balances.

The same analysis for the year ending 31 March 2025 is shown below:

As at 31 March 2025

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

Currency Risk

Currency risk represents the risk that the fair value of financial instruments when expressed in Sterling will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on investments denominated in a currency other than Sterling. A significant proportion of the Fund's equity portfolio is invested in overseas equities, and there are also investments in overseas property, infrastructure and hedge funds (where the fund units are denominated in foreign currency). When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value for foreign denominated investments will fall. The Fund has a passive hedging arrangement in place which reduces the volatility of returns over the longer term (the hedging programme hedges the exposure to the US Dollar, Yen and Euro).

Where an investment manager chooses to hedge against foreign currency movements within their portfolio forward foreign exchange contracts are used.

The following tables summarise the Fund's currency exposure before the Fund's currency hedge is applied. For the global property and infrastructure funds, the share class of the pooled funds held has been used. The Global Equity value includes the equity exposure in the Risk Management Strategies Portfolio.

Currency risk by asset class:

| Currency Exposure - Asset Type | Asset value as at 31st March 2026 | Asset value as at 31st March 2025 |
|--------------------------------|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Global Equities | 2,766,376 | 2,880,550 |
| Global Property Funds | 72,718 | 83,445 |
| Diversified Returns Fund | - | 385,269 |
| Exchange Traded Funds | 55,508 | 23,701 |
| Fund of Hedge Funds | 11,024 | 15,206 |
| Infrastructure Funds | 46,160 | 45,984 |

Currency Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using the volatility which is broadly consistent with a one-standard deviation movement in the currencies (where there is a material exposure) over the 3 years to 31 March 2026. This analysis reflects the Fund's passive hedging policy of a 50% hedge ratio on the global equity assets, and a 100% hedge ratio on the global property and hedge fund assets.

The table below discloses the material unhedged exposures (Material' exposures have been defined as amounts of £50m or more in aggregate).

Currency Risk:

| Currency | Value at 31 March 2026 £'000 | Implied volatility | Value at 31 March 2025 £'000 | Implied volatility |
|----------|---------------------------------|--------------------|---------------------------------|--------------------|
| USD | 934,993 | 7.1% | 852,020 | 8.3% |
| EUR | 152,312 | 3.4% | 97,541 | 4.4% |
| CAD | 87,887 | 4.9% | | |
| YEN | 67,325 | 7.6% | 126,718 | 9.0% |
| CHF | 64,356 | 5.0% | | |
| NOK | - | 0.0% | 53,951 | 9.3% |

(b) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument or transaction will fail to meet an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The entire Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties including brokers, custodian and investment managers minimises credit risk that may occur though the failure to settle transactions in a timely manner.

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Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. Credit risk on exchange-traded derivative contracts is minimised by the various insurance policies held by exchanges to cover defaulting counterparties. Over-the-counter (OTC) derivative contracts are bilateral agreements where the Fund faces the credit risk of the financial counterparty directly. This is the case for forward currency contracts where a line of credit is extended to the Fund in place of a collateral posting agreement (as is the case for exchange-traded contracts). The hierarchy and replacement of an OTC contract on default of one of the counterparties is detailed in the ISDA, which is a market standard legal document governing derivative contracts.

Forward currency contracts are entered into by the Fund's managers, especially the currency hedging manager, Record. These contracts are subject to credit risk in relation to the counterparties of the contracts. The responsibility for managing these contracts and counterparty risk rests with the managers. Counterparty management is evaluated as part of the due diligence process prior to appointing a manager.

The derivative instruments held within the Risk Management Strategy are fully collateralised on a daily basis with cash and/or gilts. Management of collateral is delegated to the manager who has access to a pool of eligible collateral (gilts, cash and equities). Daily collateralisation mitigates credit risk to a large extent as in the event a counterparty defaults sufficient assets are held to re-establish any lost position at the prevailing market rate.

The Fund's bond portfolios have significant credit risk through their underlying investments. This risk is managed through diversification across sovereign and corporate entities, credit quality and maturity of bonds. The market prices of bonds incorporate an assessment of credit quality in their valuation which reflects the probability of default (the yield of a bond will include a premium that will compensate for the risk of default).

The MAC portfolio is comprised of assets with the following array of credit ratings as at 31st March 2026:

| Credit Rating | Value £'000 |
|---------------|-------------|
| AAA | 9,151 |
| AA+ to AA- | 7,844 |
| A+ to A- | 24,284 |
| BBB+ to BBB | 94,180 |
| BB+ to BB- | 227,110 |
| B+ to B- | 240,103 |
| CCC- | 30,679 |
| Unrated | 36,718 |

The Fund is subject to credit risk within its general debtors although none of these would represent a material risk to the Fund. General debtors were £0.8m for 2025/26 (£1.4m for 2024/25)

Another source of credit risk is the cash balances held to meet operational requirements or by the investment managers at their discretion. Internally held cash is managed on the Fund's behalf by the Council's Treasury Management Team in line with the Fund's Treasury Management Policy which sets out the permitted counterparties and limits. Investment cash balances held by the Fund and managers are invested with the custodian in diversified money market funds rated AAA.

The cash held under the Treasury Management arrangements and by the custodian as at 31 March 2026 was £214.3m. This was held with the following institutions:

| | 31st March 2026 | | 31st March 2025 | |
|--|-----------------|---------------|-----------------|---------------|
| | Rating | Balance £'000 | Rating | Balance £'000 |
| Custodian's Liquidity Fund | | | | |
| State Street Global Services | AAA | 158,523 | AAA | 137,420 |
| Money Market Funds | | | | |
| Goldman Sachs Global Treasury Fund | AAA | | AAA | 10 |
| Aberdeen Liquidity Fund | AAA | 10,000 | AAA | 9,990 |
| Federated Investors | AAA | 10,000 | AAA | 9,930 |
| State Street Global Advisors | AAA | 10,000 | AAA | 3,970 |
| CCLA - The Public Sector Deposit Fund | AAA | 6,000 | AAA | - |
| Morgan Stanley | AAA | 7,040 | AAA | - |
| Invesco | AAA | 8,000 | AAA | 1,500 |
| Bank | | | | |
| NatWest Special Interest Bearing Account | AA- | 141 | A+ | 370 |
| Handelsbanken | AA | 4,580 | AA | 3,090 |
| NatWest Current Account | AA- | 6 | A+ | 3 |

The balance on the Custodian's Liquidity Fund includes cash held across all mandates.

Brunel may conduct security lending within pooled equity portfolios. For the year ending 31 March 2026 the Fund had no stock on loan. During the year the Fund's share of stock lending income was £0.07m.

(c) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's investment strategy and cash management policy ensure that the Fund has adequate cash to meet its working requirements including pension payments. Cash flow forecasts are prepared to manage the timing of and changes to the Fund's cash flows. The Fund has access to an overdraft facility for short term cash needs, although this is rarely utilised.

The Fund has immediate access to its cash holdings and a substantial portion of the Fund's investments consist of readily realisable securities, in particular equities even though they are held in pooled funds. In addition, the Fund invests in a range of Exchange Traded Funds that provide a similar liquidity profile to cash so that capital calls from the private market portfolios can be managed efficiently. The main liabilities of the Fund are the benefits payable as they fall due over a long period and the investment strategy reflects the long-term nature of these liabilities. As a result, the Fund is able to manage the liquidity risk that arises from its investments in less liquid asset classes such as property, infrastructure, private debt and fund of hedge funds which are subject to longer redemption periods and cannot be considered as liquid as the other investments. As at 31 March 2026 the value of the illiquid assets was £1,750m, or 28% of the total Fund assets (31 March 2025: £1,688m which represented 29% of the total Fund assets).

PENSION FUND ACCOUNTS 2025/26

24 FAIR VALUE HIERARCHY

Fair value is the value at which the investments could be realised within a reasonable timeframe. The Fund measures fair values using the following fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of fair value. This hierarchy is not a measure of investment risk but a reflection of the ability to value the investments at fair value. Transfers between levels are recognised in the year in which they occur. The hierarchy has the following levels:

- Level 1 – Asset and liabilities where the fair value is derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Assets and liabilities where quoted market prices are not available but uses inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. For example where an instrument is traded in a market that is not considered to be active, or where valuation techniques based significantly on observable market data are used to determine fair value.
- Level 3 – assets and liabilities where at least one unobservable input used to measure fair value could have a significant effect on the valuation and the Fund's holding in these pooled funds is not immediately realisable at the net asset value.

Fair Value Hierarchy

The basis of the valuation of each class of investment asset is set out below.

| Description of Asset | Fair Value Hierarchy | Basis of Valuation | Observable and unobservable inputs | Key sensitivities affecting the valuations provided |
|--|----------------------|--|--|--|
| Market quoted investments | Level 1 | Published closing bid price ruling at year end. | Not required. | Not required. |
| Exchange traded futures | Level 1 | Published exchange prices at the year end. | Not required. | Not required. |
| Forward currency contracts | Level 2 | Market forward exchange rates at the year end | Price of recent transactions in identical instruments, exchange rate risk | Not required. |
| Pooled Investment vehicles including unitised insurance policies and other managed funds | Level 2 | Closing bid price where bid and offer prices are published; closing single price where single price published. | NAV based pricing set on a forward looking basis. | Not required. |
| Pooled property funds (Open Ended) | Level 2 | Closing bid price where bid and offer prices are published; closing single price where single price published. Market values are in accordance with RICS valuation standards and FV processes with IPEV guidelines. | NAV based pricing set on a forward looking basis using transactional data and cash flow forecasts. | Not required. |
| Private Debt | Level 3 | Private Debt investments are valued at the end of each quarter by the underlying fund manager and annually appraised by a 3rd party for appropriateness. The valuation method employed for each asset is at the discretion of the valuer but must fall within the standards prescribed by the relevant accounting bodies as appropriate (US GAAP and IFRS) and be in accordance with IPEV guidelines. | Initial recognition cost, principal repayments, effective interest method, impairment reductions | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts. |
| Private Equity | Level 3 | Private Equity investments are valued at the end of each quarter by the underlying fund manager and annually appraised by a 3rd party for appropriateness. The valuation method employed uses a number of different market and income valuation methods as well as comparable market transaction prices. The market values are in accordance with IPEV guidelines. | Market transactions; market outlook; cash flow projections; last financings; multiple projections. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts. |
| Hedge Funds | Level 3 | Closing bid price where bid and offer prices are published; closing single price where single price published. Market values are determined as of the last calendar day of each month. Where the underlying investment funds do not report a month end NAV on a timely basis, the NAV will be determined using the most recently available month end valuation as well as other relevant information available including market inputs that may impact the performance of a particular fund. | NAV based pricing set on a forward looking basis. | Valuations can be affected by material events between the date of the financial accounts provided and the Fund's own reporting date, by changes to expected cash flows and by any differences between the audited and unaudited accounts. |

PENSION FUND ACCOUNTS 2025/26

Fair Value Hierarchy (Continued)

| Description of Asset | Fair Value Hierarchy | Basis of Valuation | Observable and unobservable inputs | Key sensitivities affecting the valuations provided |
|--|----------------------|---|---|--|
| Limited Partnerships and closed ended funds (Property) | Level 3 | Valued using a number of different market and income valuation methods as well as comparable market transactions prices. The market values are in accordance with IPEV guidelines. | Market transactions; market outlook; cash flow projections; last financings; multiple projections. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts. |
| Infrastructure funds | Level 3 | Infrastructure investments are valued regularly by the underlying manager, and appraised annually by 3rd parties for appropriateness, or by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed valuer but must fall within the standards prescribed by the relevant accounting bodies as appropriate (US GAAP and IFRS) and be in accordance with IPEV guidelines. | Infrastructure investments are typically valued on a discounted cash flow approach, utilising cash flow forecasts. Valuations are cross-checked with public market information and recent transactions. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows, significant increases and decreases in the discount rate and any differences between audited and unaudited accounts. |
| Long Term Investments - Equities | Level 3 | Brunel Share Capital is valued at the Equity value as stated in Brunel Pension Partnership Statement of Accounts | Earnings and revenue multiples; discount for lack of marketability; control premium | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts. |

In instances where an asset can fluctuate in the amount of observable inputs / comparators the fund holds it at the higher of the levels that it would fall into. The following sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 March 2026.

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|------------------------------|------------------|------------------|------------------|------------------|
| Pooled Investments:- | | | | |
| Equities | 55,295 | 1,986,858 | - | 2,042,153 |
| Risk Management Strategy | - | 1,488,770 | - | 1,488,770 |
| Fund of Hedge Funds | - | - | 11,024 | 11,024 |
| Diversified Return Funds | - | - | - | - |
| Multi Asset Credit | - | 670,036 | - | 670,036 |
| Property | - | 173,381 | 517,749 | 691,130 |
| Infrastructure | - | - | 752,935 | 752,935 |
| Private Debt | - | - | 285,818 | 285,818 |
| Private Equity | - | - | 8,378 | 8,378 |
| Long Term Investment | - | - | 786 | 786 |
| Cash | 214,143 | - | - | 214,143 |
| Derivatives: Forward FX | - | (14,365) | - | (14,365) |
| Derivatives: Futures | (1,536) | - | - | (1,536) |
| Investment Debtors/Creditors | 1,207 | - | - | 1,207 |
| | 269,109 | 4,304,680 | 1,576,690 | 6,150,479 |

The fair value hierarchy as at 31 March 2025 was:

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

There were no re-classifications of assets between levels in 2025/26.

PENSION FUND ACCOUNTS 2025/26

Reconciliation of Fair Value measurements within Level 3

| Level 3 | Market Value 31 March 2025 | Transfer into Level 2 | Purchases during the year and derivative payments | Sales during the year and derivative receipts | Unrealised gains / losses | Realised gains / losses | Market value 31 March 2026 |
|---------------------------------|----------------------------------|--------------------------|---|--|------------------------------|----------------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Property | 507,507 | | 15,107 | (9,119) | 17,923 | (13,669) | 517,749 |
| Fund of Hedge Funds | 15,206 | | - | (3,859) | (296) | (27) | 11,024 |
| Infrastructure | 745,623 | | 221,446 | (215,440) | 1,004 | 302 | 752,935 |
| Private Debt | 252,095 | | 63,221 | (25,006) | (4,492) | - | 285,818 |
| Private Equity | | | 9,471 | (493) | (600) | | 8,378 |
| Long Term Investment - Equities | 750 | | | | 36 | | 786 |
| | 1,521,181 | - | 309,245 | (253,917) | 13,575 | (13,394) | 1,576,690 |

| Level 3 | Market Value 31 March 2024 | Transfer into Level 2 | Purchases during the year and derivative payments | Sales during the year and derivative receipts | Unrealised gains / losses | Realised gains / losses | Market value 31 March 2025 |
|---------------------------------|----------------------------------|--------------------------|---|--|------------------------------|----------------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Property | 518,587 | | 11,869 | (16,154) | (6,064) | (731) | 507,507 |
| Fund of Hedge Funds | 17,575 | | - | (3,570) | 888 | 313 | 15,206 |
| Infrastructure | 674,975 | | 65,196 | (6,787) | 12,266 | (27) | 745,623 |
| Private Debt | 203,367 | | 54,410 | (6,503) | 821 | - | 252,095 |
| Long Term Investment - Equities | 722 | | | | 28 | | 750 |
| | 1,415,226 | - | 131,475 | (33,014) | 7,939 | (445) | 1,521,182 |

Sensitivity of assets valued at Level 3

Having consulted its investment advisor, and analysed historical data and market trends, the Fund has determined that the valuation methods used for Level 3 assets are likely to be accurate to within the following ranges on the closing value of the investments held at 31 March 2026.

| | Assessed valuation range +/- | Value at 31 March 2026 | Value on increase | Value on decrease |
|----------------------|------------------------------------|---------------------------|----------------------|----------------------|
| | | £'000 | £'000 | £'000 |
| Property | 10% | 517,749 | 569,524 | 465,974 |
| Fund of Hedge Funds | 10% | 11,024 | 12,126 | 9,922 |
| Infrastructure | 15% | 752,935 | 865,875 | 639,995 |
| Private Debt | 15% | 285,818 | 328,691 | 242,945 |
| Private Equity | 20% | 8,378 | 10,054 | 6,702 |
| Long Term Investment | 20% | 786 | 943 | 629 |
| Total | | 1,576,690 | 1,787,213 | 1,366,167 |

The same analysis for 31 March 2025:

| | Assessed valuation range +/- | Value at 31 March 2025 | Value on increase | Value on decrease |
|---------------------------------|------------------------------------|---------------------------|----------------------|----------------------|
| | | £'000 | £'000 | £'000 |
| Property | 10% | 507,507 | 558,258 | 456,756 |
| Fund of Hedge Funds | 10% | 15,206 | 16,726 | 13,685 |
| Infrastructure | 15% | 745,623 | 857,466 | 633,779 |
| Private Debt | 15% | 252,095 | 289,909 | 214,281 |
| Long Term Investment - Equities | 15% | 750 | 863 | 638 |
| Total | | 1,521,181 | 1,723,222 | 1,319,139 |

25 EMPLOYING BODIES

As at 31 March 2026 the following employing bodies had contributing scheme members in the Avon Pension Fund:

Principal Councils and Service Providers

Avon Fire & Rescue Service
 Bath & North East Somerset Council
 Bristol City Council

North Somerset Council
 South Gloucestershire Council
 West of England Combined Authority

Further & Higher Education Establishments

Bath Spa University
 Bath College
 City of Bristol College
 South Gloucestershire & Stroud College

St. Brendan's Sixth Form College
 University of the West of England
 Weston College

Academies and Schools

Abbeywood Community School
 All Saints East Clevedon C of E Primary School
 Amplify Education (Central Functions)
 Ashcombe Primary School
 Ashton Gate Primary School
 Ashton Park School
 Ashton Vale Primary School
 Avanti Gardens School
 Backwell C of E Junior School
 Backwell School
 Badock's Wood E-ACT Academy
 Bannerman Road Community Academy
 Banwell Primary School
 Barrs Court Primary School
 Barton Hill Academy
 Bathampton Primary School
 Batheaston Church School
 Bathford Church School
 Bathwick St Mary Church School
 Becket Primary School
 Bedminster Down School
 Beechen Cliff School
 Begbrook Primary Academy
 Birdwell Primary School
 Bishop Sutton Primary School
 Blackhorse Primary School
 Blagdon Primary School
 Blaise High School
 Bournville Primary School
 Bowsland Green Primary School
 Bradley Stoke Community School
 Bridge Farm Primary School
 Bridge Learning Campus
 Bristol Cathedral School Trust
 Bristol Free School
 Broadlands Academy
 Broadoak Academy
 Broadway Infants School
 Brook Academy
 Burrington C of E Primary School
 Cabot Learning Federation
 Cabot Primary School
 Cadbury Heath Primary School
 Callicroft Primary School
 Cameley CEVC Primary School
 Castle Batch Primary School Academy
 Castle Primary School (Keynsham)
 Chandag Primary School
 Charborough Road Primary School
 Charfield Primary School
 Charlton Wood Primary Academy
 Cheddar Grove Primary School
 Cherry Gardens Primary School
 Chestnut Park Primary School
 Chew Magna Primary School
 Chew Stoke Church School
 Chew Valley School
 Chipping Sodbury School
 Christ Church C of E Primary School (Clifton, Bristol)
 Christ Church C of E Primary School (WSM)
 Churchill Academy
 Churchill C of E Primary School
 City Academy
 Clevedon Learning Trust (Central Functions)
 Clevedon School
 Clutton Primary School
 Combe Down C of E Primary School
 Compass Point South Street Primary School
 Corpus Christi Catholic Primary School
 Cotham Gardens Primary School
 Cotham School
 Court de Wyck Church School
 Crockerne C of E Primary School

Crossways Infant School
 Crossways Junior School
 CST Trinity Academy
 Culverhill School
 Digitech Studio School
 Downend School
 Dundry C of E Primary School
 E-ACT (Central Functions)
 East Harptree Primary School
 Easton C of E Academy
 Elmlea Infant School
 Elmlea Junior School
 Emersons Green Primary School
 Evergreen Primary Academy
 Excalibur Academies Trust (Central Functions)
 Extend Learning Academies Network (Central Functions)
 Fairfield High School
 Fairlawn Primary School
 Farmborough Church Primary School
 Farrington Gurney C of E Primary School
 Filton Avenue Primary School
 Filton Hill Primary School
 Fishponds C of E Academy
 Flax Bourton C of E Primary School
 Fonthill Primary School
 Fosse Way School
 Four Acres Academy
 Freshford Church School
 Frome Vale Academy
 Gillingstool Primary School
 Golden Valley Primary School
 Gordano School
 Greenfield E-ACT Primary Academy
 Grove Junior School
 Hanham Abbots Junior School
 Hanham Woods Academy
 Hannah More Infant School
 Hans Price Academy
 Hareclive E-ACT Academy
 Hawkesbury Church of England Primary School
 Hayesfield Girls School
 Haywood Village Academy
 Headley Park Primary School
 Henbury Court Primary Academy
 Henleaze Infants School
 Henleaze Junior School
 Heron's Moor Academy
 High Down Infant School
 High Down Junior School
 High Littleton C of E Primary School
 Horfield Church of England Primary School
 Hotwells Primary School
 Hutton C of E Primary School
 IKB Academy
 Iminster Avenue E-ACT Academy
 Iron Acton Church of England Primary School
 Kewstoke Primary School
 Kings Forest Primary School
 Kings Oak Academy
 Kingshill Church School
 Knowle DGE Academy
 Lansdown Park Academy
 Lime Hills Academy
 Little Mead Primary Academy
 Locking Primary School
 Longvernal Primary School
 Luckwell Primary School
 Lyde Green Primary School
 Mangotsfield C of E Primary School
 Mangotsfield School
 Marksbury C of E Primary School
 Marlwood School
 Mary Elton Primary School

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

Designating Bodies

Aequus Developments Limited
Almondsbury Parish Council
Backwell Parish Council
Bitton Parish Council
Bradley Stoke Town Council
Bristol Waste Company
Charlton Hayes Parish Council
Charter Trustees of the City of Bath
Churchill Parish Council
Clevedon Town Council
Congresbury Parish Council
Dodington Parish Council
Downend and Bromley Heath Parish Council
Emersons Green Town Council
Filton Town Council
Frampton Cotterell Parish Council
Futura Commercial Services Limited
Hanham Abbots Parish Council
Hanham Parish Council
Keynsham Town Council
Kingswood Town Council
Midsomer Norton Town Council
Nailsea Town Council
Oldland Parish Council

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

Community Admission Bodies

Adoption West
Bristol Music Trust
Clifton Suspension Bridge Trust
Merlin Housing Society Ltd (New staff since 2007)
Merlin Housing Society Ltd (SG)
Play Station Nursery Ltd - Barley Close (SGC)
Sirona Care & Health (Telecare Service)

The Care Quality Commission
The Park Community Centre Ltd
University of Bath (CAB)
Visit West Limited
West of England Music Limited
Writhlington Trust

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Transferee Admission Bodies

ABM Catering Limited - Athelstan Trust (Chipping Sodbury)
ABM Catering Limited - Christchurch Infant & Junior School
ABM Catering Limited - Cotham School
ABM Catering Limited - Raysfield School (Mosaic Partnership Trust)
ABM Catering Limited - South Gloucestershire Council (Bromley Heath Cluster)
ABM Catering Limited - St John's Catholic Primary School

ABM Catering Limited – St Mary's School, Bath
Active Community Engagement Ltd
Agilisys Limited
Agilisys Limited 2015
Alliance in Partnership Limited - Elm Park Primary School (SGC)
Alliance in Partnership Limited - Henleaze Junior Academy
Alliance in Partnership Limited - Holy Family Catholic Primary School (SGC)
Alliance in Partnership Limited - Our Lady of Lodes School (SGC)
Alliance in Partnership Limited - Redfield Edge Primary School
Alliance in Partnership Limited - St Pauls School (SGC)
Alliance in Partnership Limited - The Park Primary School
Alliance in Partnership Limited - Westbury on Trym C of E Academy
Aramark Limited - City of Bristol College
Aspens Services Limited - Amplify Education
Aspens Services Limited - Bristol City Council PFI Contracts
Aspens Services Limited - Cabot Learning Federation
Aspens Services Limited - Culverhill School
Aspens Services Limited - E-ACT
Aspens Services Limited - Kaleidoscope MAT
Aspens Services Limited - Lift Schools
Aspens Services Limited - Lighthouse Schools Partnership
Aspens Services Limited - Palladian Academy Trust
Aspens Services Limited - St Anne's Church Academy (Priory Learning Trust)
Aspens Services Limited - Warmley Park Primary School
Aspens Services Limited (BCCfw) BCC Schools
Aspens Services Limited (BCCfw) North Star Academy Trust
Aspens Services Limited (BCCfw) Nova Primary School - Amplify Education
Aspens Services Limited (BCCfw) The Cardinal Newman Trust
Aspens Services Limited (BCCfw) Two Mile Hill Primary - The Leaf Trust
Ategi limited
Atlas FM Payroll Ltd - South Gloucestershire & Stroud College (SGS College)
BAM Construct and Ventures UK Ltd
Care Quality Services - NSC
Cater Link Limited - Bath and Wells MAT
Cater Link Limited - Castle School Education Trust
Churchill Contract Services Ltd - Futura Learning Partnership
Circadian Trust
CleanTEC Services Limited - E-ACT
Compass Contract Services (UK) Limited - Beacon Rise Primary School
Compass Contract Services (UK) Limited - Bristol City Council (Parks catering)
Coombs Catering - The Leaf Trust
Coombs Catering Partnership - SGC Schools
Creating Active Futures - Filton Town Council
Creative Youth Network - South Gloucestershire Council Youth Service
DELTA Shared Services
Direct Cleaning Services (South West) Limited - New Siblands School (Enable Trust)
Direct Cleaning Services (South West) Limited - South Gloucestershire Council

Dolce Ltd - Mangotsfield C of E Primary School
Dolce Ltd - St Mary's School, Yate (SGC)
Edwards and Ward Ltd - Severn Federation Academy Trust
Edwards and Ward Ltd - South Gloucestershire Council
Edwards and Ward Ltd - St Keyna Primary School
Elite Sports UK Limited (E.S.D.C UK Ltd)
Foundation for Active Community Engagement (FACE) - South Gloucestershire Council Youth Service
Future Stars Coaching Limited - High Down Schools
Future Stars Coaching Limited - St Nicholas of Chantry Primary School
Future Stars Coaching Limited - Wessex Learning Trust
Greenwich Leisure Ltd - Bath & North East Somerset Council
HCRG Care Services Limited (ICB)
HCRG Care Services Limited (MHES)
HCRG Care Services Limited (PHN)
Imperial Cleaning Services (South West) Limited - Palladian Academy Trust
Imperial Cleaning Services (South West) Limited - The Tynings Primary School
Innovate Services Ltd - Excalibur Academies Trust
Innovate Services Ltd - Russell Education Trust
Innovate Services Ltd - SGC Schools
JM Sports Educations Ltd - St Keyna Primary School
KGB Cleaning (South West) Ltd - Amplify Education
KGB Cleaning (South West) Ltd - Cabot Learning Federation
KGB Cleaning (South West) Ltd - Olympus Academy Trust
Kindred - Bath & Wells MAT (St George's Church School)
Liberata UK Limited
Liberata UK Limited 2025
Mentoring Plus Bath & North East Somerset
Miquill Catering Ltd - St Anne's Primary School
Miquill Catering Ltd - The Partnership Trust
OCS Group UK Limited - Olympus Academy Trust
Portway Sports Centre Limited
Prestige Cleaning & Maintenance Limited
Purgo Supply Services Ltd - Castle School Education Trust
Purgo Supply Services Ltd - Excalibur Academies Trust
Purgo Supply Services Ltd - Lighthouse Schools Partnership
Rapid Commercial Cleaning Services Ltd - Longwell Green Primary School
Ridge Crest Cleaning Ltd - Bristol City Council
Sansum Solutions Group Limited - Extend Learning Academies Network
Shine Wraparound Care Ltd - Kaleidoscope MAT
Shine Wraparound Care Ltd - Olympus Academy Trust
Skanska Rasleigh Weatherfoil Ltd
SLM Community Leisure Trust
SLM Fitness & Health Ltd
Sodexo Ltd - Oasis Community Learning
Solo Service Group Limited - Bristol City Council
Solo Service Group Limited - Excalibur Trust (BCCFW)
Solo Service Group Limited - St Bede's Catholic College (BCCFW)
The Brandon Trust
Weston Support Services Ltd - Kaleidoscope MAT
Weston Support Services Ltd - North Somerset Council Campus School
Weston Support Services Ltd - The Partnership Trust
Weston Support Services Ltd - The Priory Learning Trust

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

The Council is required to:

- * Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Council has made the Director of Finance responsible for financial administration.
- * Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- * Approve the statement of accounts for the year.

Director of Finance:

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

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

- * Selected suitable accounting policies and then applied them consistently
- * Made judgements which were reasonable and prudent
- * Complied with the local authority Code of Practice

The Director of Finance:

- * Kept proper and up to date accounting records.
- * Taken reasonable steps for the prevention and detection of fraud and other irregularities

Statement of the Director of Finance

I hereby certify that this statement of accounts presents a true and fair view of the financial position of the Council at the accounting date and the income and expenditure for the year ended 31 March 2026.



SIGNED:

Director of Finance

DATE: 12th June 2026

Stuart Donnelly

The Draft Statement of Accounts were authorised for issue on 12th June 2026.

GLOSSARY OF TERMS

Accounting Policies

Rules and practices adopted by the Council that dictate how transactions and events are shown or costed.

Accruals

Income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Actuary

An independent professional who advises on the position on the Pension Fund.

Actuarial Valuation

The Actuary reviews the assets and liabilities of the pension fund every three years.

Appropriation

The assignment of revenue for a specific purpose.

Balance Sheet

Statement of recorded assets and liabilities and other balances at the end of the accounting period.

Capital Charges

A charge made to service revenue accounts, for depreciation to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure

Expenditure on new fixed assets such as land and buildings or on enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Receipts

Income received from the disposal of land, buildings and other capital assets.

Collection Fund

A fund operated by the billing authority into which all receipts of Council tax and National Non-Domestic Rates (NDR) are paid.

Contingent Liabilities

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or a present obligation that arises from past events but is not recognised because it is not probable that a transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Council Tax

A tax on domestic properties introduced 1st April 1993 to replace the community charge.

Creditors

Amounts owed by the Council for goods and services received on or before 31st March.

Debtors

Amounts owed to the Council for goods and services provided on or before 31st March.

Deferred Charges

Items for which expenditure is charged to capital, but there is no tangible asset.

Depreciation

The loss in value of an asset due to age, wear and tear, deterioration and obsolescence.

Earmarked Reserves

Amounts set aside for a specific purpose or a particular service or type of expenditure.

Fixed Assets

Tangible assets that result in benefits to the local authority and the services it provides for more than a year.

GLOSSARY OF TERMS

General Fund

The account that summarises the revenue costs of providing services that are met by the Council's demand on the Collection Fund, specific government grants and other income.

Gross Expenditure

Total expenditure before deducting income.

Infrastructure Assets

Fixed assets that cannot be easily disposed of, expenditure on which is only recovered by continued use of assets.

Minimum Revenue Provision

The minimum amount the Council must charge to its revenue account to provide for repayment of debt.

National Non-Domestic Rates (NNDR)

A flat rate in the pound set by government and levied on businesses in the Council area.

Net Expenditure

Gross expenditure less income.

Operating Lease

A lease under which the asset is not the property of the lessee.

Outturn

Actual income and expenditure for the financial year.

Precept

The charge made by one authority to another to finance its net expenditure.

Provision

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

Rateable Value

The value of a property for rating purposes set by the inland revenue. Business rates payable are calculated by multiplying the rateable value of the property by the rate in the pound set by government.

Reserves

The amount held in balances and funds that are free from specific liabilities or commitments.

Revenue Expenditure

The regular day-to-day running costs incurred in providing services.

Support Services

Activities of a professional, technical and administrative nature, which are not local authority services in their own right, but support the front line service.

Trading Accounts

The profit and loss account of any trading organisation that needs to be disclosed separately in the Council's account.