

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2018-19

AND

ANNUAL GOVERNANCE STATEMENT

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Introduction to the Council's Statement of Accounts

The Council's financial statements are set out in the pages following this foreword. They consist of the following:

1. The Narrative Report

The Report by the (Interim) Director of Finance summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2018-19. The money spent by the Council and where the money comes from is shown in a series of charts. There is a distinction between revenue spending (the annual cost of providing services) and capital expenditure, which has a long-term benefit for the citizens of the Bradford district.

2. Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and other reserves.

3. Comprehensive Income and Expenditure Statement

The cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded in accordance with statute. The Council raises tax, and uses grants and other flows of income to cover the cost of services. The statutory financial result is shown in the Movement in Reserves Statement. This is different to the cost of services stated in accordance with generally accepted accounting practice, as shown in the Comprehensive Income and expenditure account.

4. Balance Sheet

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Council.

5. Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents (short term investments of three months or less) of the Council during the reporting period.

6. Statement of Significant Accounting Policies

The Council's accounts follow International Financial Reporting Standards (IFRS) since the 2010-11 financial year.

The accounting policies set out the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements. The accounting policies are based on interpretations and adaptations for the public sector set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

7. Notes to the Main Financial Statements

The notes disclose information required by the Code and information that makes the accounts easier to understand. They show the specific accounting policies and estimates used and breakdowns of figures shown in the main Financial Statements.

8. Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority (Bradford Council) in collecting Council Tax and non domestic rates and distributing it to major preceptors and the Government.

9. The Group Accounts

As the Council does not have any material interests in subsidiaries, associates and jointly controlled entities it is not required to produce a set of Group Accounts.

10. The Pension Fund Account

As the Council is the administering authority for the West Yorkshire Pension Fund, the activities of the fund are required to be reported alongside the Council's main Financial Statements.

11. Glossary of Terms

In order to help readers, a Glossary of Terms widely used in relation to local authority finance and referred to within these accounts is included at the back of the document.

12. Annual Governance Statement

The Council is required to undertake an annual review of the effectiveness of its governance framework and system of internal control. The conclusions of this review are reported alongside the accounting statements.

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City of Bradford Metropolitan District Council's Statement of Responsibilities

The Council is required to:

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

Interim Director of Finance Responsibilities

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 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were both reasonable and prudent.
- Kept proper and up to date accounting records.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Complied with the Code of Practice on Local Authority Accounting.

In addition he has issued:

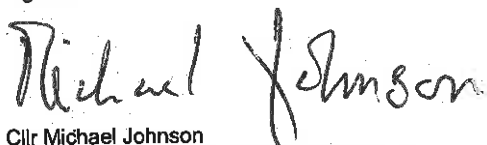
- A manual on the practices to be adopted in the preparation of the Council's year end accounts.
- Various corporate standards giving guidance on specific accounting issues.

The financial statements are subject to audit by the Council's external auditors.

Certification of the Statement of Accounts

I certify that this statement of accounts presents a true and fair view of the financial position of the Council at 31 March 2019 and its income and expenditure for the year; and of the West Yorkshire Pension Fund. I authorise for issue the 2018-19 Statement of Accounts.

Signed:



Cllr Michael Johnson
Chair Governance and Audit Committee
Date: 31 July 2019

Signed



Chris Chapman
Director of Finance
Date: 31 July 2019

Independent auditor's report to the members of the City of Bradford Metropolitan District Council

Report on the financial statements

Opinion on the financial statements of the City of Bradford Metropolitan District Council

We have audited the financial statements of the City of Bradford Metropolitan District Council ('the Council') for the year ended 31 March 2019, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the City of Bradford Metropolitan District Council as at 31st March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Opinion on the financial statements of West Yorkshire Pension Fund

We have audited the financial statements of West Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2019, which comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of West Yorkshire Pension Fund during the year ended 31 March 2019, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance use of the going concern basis of accounting in the preparation of the Council's and the Pension Fund's financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's or the Pension Fund's ability to

continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Council's and Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council and the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Council's and Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2018, with the exception of the matter reported in the basis for qualified conclusion paragraph below, we are satisfied that, in all significant respects, the City of Bradford Metropolitan District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for qualified conclusion

In seeking to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators. In October 2018, Ofsted reported the results of an inspection of children's social care services and concluded that these services were inadequate. Ofsted have carried out two monitoring visits since the inspection in 2018. The latest monitoring visit, reported in July 2019, highlights that whilst some progress has been made and some positive improvements secured, there are several areas in which the pace of improvement is slow and insufficient progress has been made. This qualification will remain until these services are no longer assessed as inadequate by Ofsted.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

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

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

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the members of the City of Bradford Metropolitan District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.



Cameron Waddell

For and on behalf of Mazars LLP

Salvus House
Aykley Heads
Durham
DH1 5TS

31 July 2019

The Narrative Report

Financial Highlights

Introduction

This Statement of Accounts provides comprehensive and detailed information about Bradford Council's financial results for 2018-19. This section contains the headlines, comments on the financial results and performance against the internal budget plan, and summarises how the Council's services measured up against non-financial targets for the year.

Two Financial Reporting Perspectives

The Council uses two complementary but distinct ways of reporting on financial performance, which reflect the legal and accounting environment:

- The Statement of Accounts is prepared using generally accepted accounting principles, and this approach is used in presenting most of the information in the document.
- The other reporting approach (which we call the "statutory" basis) reflects the principle that all revenue expenditure in the year has to be afforded within the money available to the Council from taxation and other sources of income.

The primary distinction between these two reporting approaches is that:

- the accounting approach includes transactions such as losses on disposals of assets, changes in the valuation of assets and liabilities, depreciation and costs for untaken leave by employees in the total income and expenditure for the year, whereas the statutory basis does not.
- the accounting approach incorporates both usable reserves – which are internal funds available to support the Council's revenue and capital operations – and so-called unusable reserves, which together represent the total "taxpayer value" held in reserves. The statutory approach focuses on the usable reserves.
- the statutory basis underpins the setting of the Council's annual budget, and the internal financial management accountability and budgetary control system. It is also the basis for in-year financial reporting to the Council's Executive and other Committees.

This section sets out the financial results from these two perspectives.

Headline Financial Results in Statement of Accounts

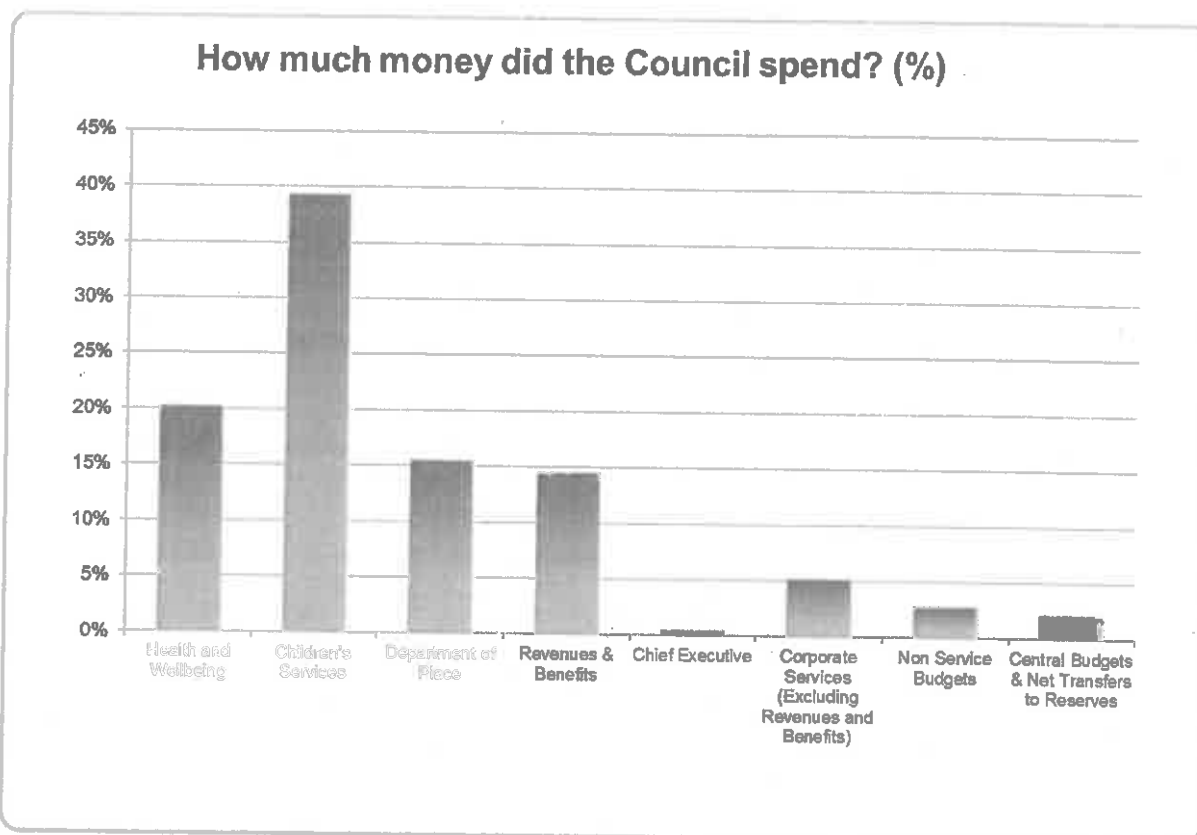
Comprehensive Income and Expenditure Statement

In 2018-19, gross revenue spending on services was £1.1bn. Net expenditure was £390m after taking account of the £751m of income received by services.

Compared to 2017-18, gross expenditure on Children's services was lower by £32.3m. This continues the trend of the Council's schools converting to academies, at which point their income and expenditure is excluded from the Income and Expenditure Statement. The impact of these conversions can also be seen in the increased costs shown in Other Operating Expenditure: most of this is the cost to the Council of no longer owning the school buildings that have converted, even though in some cases, the Council is still financing the cost.

Irrespective of academy conversions, the remaining services areas show a small reduction in net expenditure in comparison to the previous financial year.

The graph below shows net expenditure analysed over the Council's services.



Sources of Income

As noted, income attributable to services was £751m. Some of this comprises fees and charges charged by the Council. However, the largest part comprises specific grants which have to be used to fund specific expenditure: for instance, the £283m Dedicated Schools grant, is passed directly onto the Council's schools; the Public Health grant is spent specifically on improving health outcomes in the district. Specific grants also include a £154m grant from the Government to fund housing benefits in the district. All these specific grants are detailed in full in note 45 to the accounts.

In addition, £438m of general income unattributable to individual services was received. The largest elements of were Council Tax totalling £190m along with Business Rates of £130m. This reflects the predominant future trend in which the Council's general funding is dependent on its tax bases. However, there also £43m of grants which are not available for day to day expenditure but are ringfenced for capital projects that bring service benefits lasting years.

Net Financial Result

The Comprehensive Income and Expenditure account shows an overall deficit on provision of services of £49.1m. Added to this deficit were £66.3m of costs in Other Comprehensive Income and Expenditure: the most significant element of reflected changes to the value of the pension fund maintained by the Council for its employees.

However, the overall deficit on provision of services, along with the other costs in Other Comprehensive Income and Expenditure present a view based on current accounting regulations. This view includes nominal costs such as the value of untaken leave by the Council's employees and, as noted, changes to the value of the Council's pension fund. Statutes in place mean these costs shown under accounting regulations do not cause a draw on resources met from service income or general income. Instead the costs are transferred into the Council's unusable reserves and out of useable reserves, with this settling of accounts presented in the Movement in Reserves Statement.

After this settling up, overall, the Council has increased its useable reserves but reduced its unusable reserves. This is shown clearly on the Balance Sheet and the financial implications are set out below.

Balance Sheet

At the end of the 2018-19 financial year, useable reserves close £53.3m up at £256.2m. These useable reserves comprise a General Fund balance of £15m, which is a safety net of last resort and small in the context of the £1.1bn annual spend shown in the Income and Expenditure statement.

There are also earmarked reserves of £166m, which have been set aside either for future risks or commitments. These are relatively healthy but also necessary in the context of the future savings required. Also as the Council grows more dependent on its tax bases, increases its involvement in complex service delivery and delivers infrastructure projects, its exposure to risk has increased.

Also included in earmarked reserves are £48m of grants ringfenced by the grant provider for infrastructure projects, including schools.

Included within useable reserves are £27.2m of school balances owned by the Council's schools and which will be used by them in future years.

However, the £53.3m increase in useable reserves is counter-balanced by the reduction in unusable reserves of £168.751m. The reason for this reduction is nearly all due to the actuarial assessment, in accordance with accounting regulations of the Council's pension fund.

Overall unusable reserves showed a £670.672m deficit at the year end, and their key components are:

- £183.996m revaluation reserve, which arises because of upward changes in the value of balance sheet assets. This value can only be realised if assets are disposed

- £166.960m capital adjustment account, which reflects the timing differences between how assets are financed, and how they are charged for under accounting arrangements. This value will be released as those differences are eroded over the life of the individual assets.

- The Pensions reserve of £1,006.971m deficit, which mirrors the Pension Fund liability described below.

The unusable pensions reserve dominates. This actuarial assessment is based on extrapolation to measure the value of pension promises to employees against the worth of the investments to pay for them. This extrapolation looks 20 years into the future. The specific deterioration was caused by a small change to the assumptions underlying this extrapolation based on the likely real growth of the national economy. However, as noted, the results of this extrapolation and the accounting of it within useable reserves does not in itself result in a future draw in resources. For example, the Council's actual cost of contributions to the pension fund is determined by a separate actuarial valuation and is already included in its budget planning.

Taken together, though, the £256.168m of useable reserves and £670.672m of unusable reserves, give the authority a negative net worth of £414.504m. As noted the useable reserves represents real financing available in the future, although it can only be used once. However, to analyse the negative net worth further, it is worth considering the Council's assets and liabilities as a whole. These are the counter-part to the reserves on the balance sheet.

Between 2017-18 and 2018-19, the main movements that make up the decrease of £115.434m in the Council's net worth were:

- a £6.961m increase in long term assets to £1,052.110m.
- a £12.665m increase in net current assets to £37.086
- a £135.058m increase in long term liabilities to £1,503.7m

The key change is the increase in long term liabilities to £1,503.7m, which are dominated by three items:

- long-term borrowing of £297m.
- £161.7m contractual liabilities for schools PFI contracts. Over time these will be matched by Government funding which is not shown on the face of the balance sheet, due to the accounting rules.
- the pension liability of £1,006.971m

The long term borrowing of £297m will generate future interest and principal payments. However, it was taken out to fund spend on infrastructure and is a relatively small proportion of long-term assets of £1.052m. The £161.7m of PFI liabilities will require a future draw on resources but are budgeted for and partially covered by an annual Government grant. The pension liability is the other side of the accounting equation for the unusable pension reserve and as discussed above, does not in itself cause a future spending requirement.

Significant Provisions at 31 March 2019

The provisions total £29.3m at 31 March 2019 (£22.5m at 31 March 2018) and are included in Note 20 on page 49. They are split on the Balance Sheet between short term (up to one year from the Balance Sheet date), and long term.

The significant provisions were as follows:

- a) The cost of planned future termination costs in 2018-2019 and future years arising from the detailed saving proposals approved as part of the 2018-19 Budget has been assessed as £1.093m.
- b) The provision to cover the risk of day to day insurance losses has been increased to £6.137m.
- c) The Council's provision for Business Rate appeals increased to £20.4 from £7.4m. However, this increase is caused by the Council's increased share of the Business Rates paid in the district versus the government, in return for offsetting reductions in grants. As a result, the Council also has an increased share of the provision set up to insure against the cost of refunding Business Rates, when there is a retrospective change to the tax liability.

Taxation

All Council Tax and Business Rates are paid into a separate ringfenced account called the Collection Fund. Prior to the start of any year's collection, the amounts paid out of the fund are agreed in advance, to enable budgets to be set. Amounts are paid out to the Council but also to preceptors: the Government, the West Yorkshire Fire and Rescue Authority and the Police and Crime Commissioner. The difference between the amounts paid out and collected are recovered in following years.

Council Tax

The Council Tax element within the Collection Fund ended the financial year £73,000 in surplus, which will be shared out between the Council and its preceptors in future years. The Council's share is about 85%. This surplus is a very small variance in the overall context of the total 2018-19 Council Tax collection of £224m. Overall, therefore at the end of the 2018-19 financial year, the amounts paid out of the fund for Council Tax and the amounts collected are almost exactly in balance.

Business rates

The Business Rates element within the Collection Fund ended the 2018-19 year, with a £88,000 deficit, again a very small fraction of the overall collection of £146m.

However, this small deficit comprises both surplus and deficits brought forward from different years. The impact of the increase in the Council's share of Business rates in 2018-19 means that it holds a £1.1m surplus within this deficit. The net balance, which is a deficit of £1.2m is owned by the Government. Overall, therefore the Council's share of the surplus will be brought forward to fund budgets in future years.

Capital Spending in 2018-19

The Council spent £84.3m in the year (£72.9m in 2017-18).

The table shows total spend by department, including some of the major schemes

Major Capital Schemes Expenditure 2018-19		
Department and Schemes	Main Schemes	Total Spend
	£000	£000
Health and Wellbeing		7,306
Keighley Road Extra Care	5,201	
Keighley Road Residential Care	1,749	
Children's Services		12,803
Primary Schools Expansion Programme	2,521	
Devolved Formula Capital	1,447	
Capital Maintenance Grant	2,436	
Secondary School Expansion	2,187	
Schools PFI	1,899	
Place – Economy and Development Services		18,932
New Affordable Housing	8,252	
Disabled Housing Facilities Grant	4,147	
New Bolton Woods Regeneration Scheme	3,507	
Place – Planning, Transport and Highways		21,991
Capital Highways Maintenance	4,907	
Bridges	1,552	
West Yorkshire Transport Fund	5,154	
NPIF UTMC	2,253	
Highway to Health	1,789	

Place – Other		18,736
Replacement of Vehicles	3,089	
St Georges Hall	5,501	
Sedbergh Sports Facilities	8,768	
Corporate Resources		4,575
Property Programme	1,197	
Godwin Street	1,583	
Total		84,343

Where the money came from to pay for the spending on capital schemes in 2018-19

The Council can borrow to fund capital investment. It sets and observes a range of indicators covering the level of capital expenditure and the cost of financing it, to ensure borrowing is responsible and affordable. One such measure is the Council's Capital Financing Requirement, which represents the amount of Council's capital expenditure funded by internal or external borrowing. In 2018-19 it increased from the level in 2017-18 of £669.454m to £700.124m.

The main reason for the increase in the Capital Financing Requirement was the recognition of an overprovision in the amount set aside to repay debt.

Other than borrowing, the Council receives capital grants towards some projects, reinvests its capital receipts, or uses revenue resources to fund capital spending.

In 2018-19 the capital spending of £84.3m was funded as follows:

- £31.4m (37%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £42.9m (51%) from government and other grants.
- £5.0m (6%) from revenue contributions and other revenue reserves.
- £4.7m (6%) from capital receipts from the sale of land and buildings.
- £0.3m (0%) from other Finance Leases.

Schools

In recent years, the value of Property, Plant and Equipment shown on the Balance Sheet has been volatile due to changes in convention about how to account for education assets and the ability of the Council to control the assets and influence future service potential.

Where the Council directly owns a school or where the School Governing body own the assets or have had rights to use the assets transferred to them, the school is recognised on the Balance Sheet. Community Schools are owned by the Council and are therefore recognised on the Balance Sheet.

Of the Council's Voluntary Aided and Controlled schools, the majority are owned by the respective Diocese with no formal rights to use the assets passed to the School or Governing Bodies. The schools are owned by trusts run by religious organisations and provision is available by the extended goodwill of the trust. As a result these schools are not recognised on the Balance Sheet.

Where the ownership of a Trust/Foundation School lies with a charitable Trust, including Academies, the school is not recognised on the Council's Balance Sheet.

There are seven Foundation schools where as the ownership lies with the School/Governing Body the school is recognised on the Council's Balance sheet. The Council considers it exercises sufficient control over the school governing bodies to warrant recognition of any school where ownership is invested in the governing body.

In 2018-19 17 schools converted to Academies, 13 of which were Community Schools and as at 1 April 2018, on the Council's Balance Sheet. One Voluntary Controlled school that the Council held the legal title and one Foundation school were also on the Council Balance Sheet. The other 2 schools (Voluntary Controlled and Voluntary Aided) were not on the Council's Balance Sheet. The Council is not recompensed for any of these disposals. The table below categorises all Bradford schools and sets out the current accounting treatment.

Type of school	2017-18	2018-19	Accounting Treatment
Community	65	52	On Balance Sheet
Special Schools	4	4	On Balance Sheet
Foundation	8	7	1 Church of England Off Balance Sheet, 6 owned by Governing Bodies On Balance Sheet
Voluntary Aided	24	23	Off Balance sheet
Voluntary Controlled	8	6	Off Balance sheet (with the exception of 2 VC schools the Council still holds the legal title)
Academies	79	96	Off Balance sheet (with the exception of 1 still on a short term lease)
Trust	2	2	Off Balance sheet
TOTAL SCHOOLS	190	190	

Nurseries	7	7	On Balance Sheet
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For further information on how the Council decides which schools should be included on its Balance Sheet see the Critical Judgements in Applying Accounting Policies on page 34.

Budgetary Control

During the year, the Council monitors actual income and expenditure against the budget set by Full Council. Where overspends are forecast, correcting action is taken.

Budgets are allocated to Directors who are accountable for their departmental expenditure. The table below shows final 2018-19 spend compared to budgets.

1a: Budgeted and Actual Expenditure and Income (Department)

	Gross expenditure			Income			Net expenditure		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Health and Wellbeing	226.6	232.8	6.2	-116.4	-117.9	-1.5	110.2	114.9	4.7
Children's Services	449.9	455.0	5.1	-396.3	-396.7	-0.4	53.6	58.2	4.6
Department of Place	173.4	186.0	12.6	-63.5	-73.4	-9.9	109.9	112.6	2.7
Corporate Resources	280.5	254.3	-6.2	-210.9	-206.3	4.6	49.6	48.1	-1.6
Chief Executive	4.4	4.4	0.0	-0.1	-0.4	-0.3	4.3	4.0	-0.2
Non Service Budgets	44.5	44.1	-0.4	-48.6	-48.9	-0.3	-4.1	-4.8	-0.7
General Fund	108.7	96.8	-11.9	-74.2	-73.4	0.8	34.6	23.3	-11.2
Total Council Spend	1,268.1	1,273.5	5.4	-910.0	-917.1	-7.0	358.1	356.4	-1.7

Service Performance

This section focuses on the performance of the services financed by the Council based on the authority's own indicators. Key points are summarised below:

BETTER SKILLS, MORE GOOD JOBS AND A GROWING ECONOMY

- Bradford has been named as a top emerging destination in the luxury travel guide
- Visitor numbers up at key events. For example - Bradford Literature festival up to 70,000 (from 50,000 in 2017) with over half of all festival goers from BAME populations and a 1/3 from households with an income below £20,000.
- NEC, a well-known exhibition and conference operator in the UK, have now entered into a lease agreement with Bradford Live. Venue expected to attract 270,000 visitors a year when complete.
- A plan to develop city centre markets has been approved.
- City Centre Business Improvement District voted for, unlocking investment to improve the quality of Bradford's city centre offer. This means we now have two Business Improvement Districts in our area, in Kelghley and in Bradford City Centre.
- Manufacturing Week, where students from over half the District's schools took part in over 3,000 work experience opportunities in the manufacturing sector.

DECENT HOMES

- The number of homes confirmed as improved in Quarter 1 is well above target and 16.9% higher than for the same quarter last year.
- Bradford Council has been awarded Empty Homes Practitioner of the year
- The number of new homes delivered in the District are now at the highest level for the last ten years.
- We are working with partners to begin the process to develop a revised housing strategy.

BETTER HEALTH, BETTER LIVES

- The Care Quality Commission published a report in June 2018 that praised Bradford Council and the local NHS for their partnership working around health and social care.
- The Council has been named by the NHS as the 5th best in the country for the health and social care interface. This is based on a series of measures, including the delayed transfer of care.
- The Care Quality Commission ratings have shown a positive improvement in our residential and domiciliary care provision with two care home in the district being recently rated as outstanding.
- We have secured funding through our partners and the Leeds City Region Business Rates Pool to develop skills and talent in Bradford District's health and social care workforce.

SAFE, CLEAN AND ACTIVE COMMUNITIES

- An 'Integrated Communities Partnership' has been created to develop Bradford's local response to the Government's pilot integrated communities strategy (of which, Bradford is one of five pilot areas). Our response was delivered in partnership with a wide network of individuals and organisations with a track record of working on cohesion and integration initiatives.
- Our recycling tonnage has increased. In the most recent statistics, this is now double what it was three years ago. In September, there was a host of activity across the District for National Recycling Week. This included roadshows, activity on social media and a newsletter being delivered to over 22,000 residents with information about how to improve recycling rates and reduce contamination.
- Six Bradford Parks have now been named as Green Flag parks, making these amongst the best parks in the country. This includes Peel Park, Undercliffe; Harold Park, Low Moor; Lister Park, Manningham; Roberts Park, Saltaire; Central Park, Haworth and Cliffe Castle, Keighley.

GREAT START, GOOD SCHOOLS

- In September, funding was confirmed for the Glasses for Classes trial in 8 schools. This will be delivered in partnership with Varilux who will provide 2 pairs of glasses for all young people who need them in trial schools.
- In August, we launched Parents and Partners in learning in three areas (Keighley, Eccleshill/Idle and Tong/Bowling). This aims to improve parent's engagement with their education providers on their children's learning journey.
- GCSE results continue to improve with Attainment 8 narrowing the gap on the national average and Progress 8 showing positive progress and the second best performer in our family group of local authorities.
- Some of our schools and academy chains are performing at an exceptionally high level nationally. Dixon has performed particularly well at Progress 8 with Dixons Trinity the 3rd best nationally and Tauheedhal the highest performing nationally. This should bode well for local schools they sponsor
- There is also improvement at A-levels and more young people continue to participate in the Industrial Centres of Excellence and Bradford Pathways.

2020/2021 and Beyond

The Council sets a Medium Term Financial Strategy in July of each year, in preparation for the setting of the following year's budget.

The Medium Term Financial Strategy aims to balance the cost of achieving desired objectives against available financing. These desired objectives are underpinned by the Council Plan and other strategies, summarised across 5 key outcomes:

- Better skills, more good jobs and a growing economy
- A great start and good schools for all our children
- Better health, better lives
- Decent homes that people can afford to live in
- Safe clean and active communities
- A well run Council

In balancing against available financing, the key context in the Medium Term Financial Strategy is reduced funding: Previously this has been enacted by the phasing out of the Council's Revenue Support Grant provided by the Government..This means that increasing efficiencies and achieving savings remain the constant backdrop for the foreseeable future.

However, another important backdrop is uncertainty, as the current mechanisms for funding Local Government are in a state of transition. In the future, Local Authorities are due to retain a greater share of Business Rates compared to central government,

with either offsetting reductions in other funding or equal increases in responsibilities. However, the design of this system and the extent to which Local Authorities gain or lose against each other, is still in flux (Business Rates Retention). There is also a much delayed evaluation of each authority's spending needs on the horizon (Fair Funding Review).

There remains further uncertainty in the future means of service delivery. The Council's schools continue to convert to independent academies, while the statutory requirement to provide school places remains with the authority. Universal credit roll out will continue to impact on the Council's service delivery. The integration of Adult Social Care between Local Authorities and the NHS is subject to a number of reviews.

The Council's Medium Term Plan will continue to plan for forecast reductions in funding and grants, especially in managing day to day expenditure. As part of this, the future requires increasing reliance by the authority on itself. In particular, this means growing its tax bases, both for Council Tax and Business Rates. To set these on a future upward trend, the emphasis is on growing the authority as a place to live and to start and develop business. The authority already has a high proportion of new, small businesses offering potential for future growth.

Further to managing and planning day to day expenditure, the Medium Term Financial Plan looks to develop the Council's Capital Investment Plan. This is an essential part of the development of the authority as a place to live and develop business, which in turn by growing tax bases will create self-sustaining income streams. The current Capital Investment Plan sets out £595m of spend on infrastructure projects up to 2022-2023. The completion of these schemes include the redevelopment of the City Centre and the upgrading of essential infrastructure including schools, highways and sports facilities. The Capital Investment Plan also sets aside funding to invest in within the authority's boundaries and create income streams from them. The Medium Term Financial Plan looks to identify further opportunities for capital investment.

Both in terms of future allocation of day to day spend and investment in infrastructure, the Council has also set out a future for economic development, again enhancing the tax base. As part of this, the authority works actively regionally within the Leeds City Region and the West Yorkshire Combined Authority.

Overall the future, therefore is one of financial constraint within significant uncertainty. However, against this backdrop, the Council looks to deploy resources to develop its own financial resilience by strengthening its tax base; including delivering very substantial infrastructure projects; and while working collaboratively across the region.

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e. those that are real cash) and other non cash reserves. The closing 31 March 2019 General Fund Balance of £42.276m comprises £15m (£10.803m in 2017-18) balances generally available to the Council and £27.276m (£20.550m in 2017-18) cash balances held on behalf of schools under the Local Management Scheme.

The deficit on the Provision of Services line of £49.139m (deficit of £42.344m in 2017-18) within the Income and Expenditure account is reversed out of usable reserves into unusable reserves. This is because by statute many of the accounting transactions making up the deficit cannot be charged against the General Fund Account. Unusable reserves have reduced by £168.751m (reduction of £18.558m in 2017-18).

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	Note 4	Note 4	Note 4	Note 4	Note 4 & Balance Sheet	Note 21 & Balance Sheet	Note 21 & Balance Sheet
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	36,020	117,022	3,666	34,609	191,317	-483,363	-292,046
Movement in reserves during 2017-18							
Surplus/ (deficit) on provision of services (page 19)	-42,344				-42,344		-42,344
Other Comprehensive Income and Expenditure (page 19)	0					35,318	35,318
Total Comprehensive Income and Expenditure (page 19)	-42,344				-42,344	35,318	-7,026
Adjustments between accounting basis & funding basis under regulations (note 4)	55,009		-3,666	2,533	53,876	-53,876	0
Net Increase/Decrease (-) before transfers to Earmarked Reserves	12,665		-3,666	2,533	11,532	-18,558	-7,026
Transfers to/from Earmarked Reserves (Note 5, p38)	-17,332	17,332	0		0	0	0
Increase/Decrease(-) in 2017-18	-4,667	17,332	-3,666	2,533	11,532	-18,558	-7,026
Balance at 31 March 2018	31,353	134,354	0	37,142	202,849	-501,921	-299,072
Movement in reserves during 2018-19							
Surplus/ (deficit) on provision of services (page 19)	-49,139			0	-49,139		-49,139
Other Comprehensive Income and Expenditure (page 19)						-66,294	-66,294
Total Comprehensive Income and Expenditure (page 19)	-49,139				-49,139	-66,294	-115,434
Adjustments between accounting basis & funding basis under regulations (note 4)	92,254		0	10,203	102,457	-102,457	0
Net Increase/Decrease (-) before transfers to Earmarked Reserves	43,115		0	10,203	53,318	-168,751	-115,434
Transfers to/from Earmarked Reserves (Note 5, p38)	-32,192	32,192				0	0
Increase/Decrease(-) in 2018-19	10,923	32,192	0	10,203	53,318	-168,751	-115,434
Balance at 31 March 2019	42,276	166,546	0	47,345	256,167	-670,672	-414,504

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost during 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 the Movement in Reserves Statement.

2017-18	2017-18	2017-18		2018-19	2018-19	2018-19
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
233,319	-110,212	123,107	Health and Wellbeing	230,729	-116,469	114,260
480,686	-399,442	81,244	Children's Services	448,351	-394,488	53,863
157,704	-56,656	101,048	Department of Place	176,941	-65,423	111,518
175,790	-171,689	4,101	Revenues & Benefits	165,875	-162,564	3,311
4,269	-135	4,134	Chief Executive	4,435	-387	4,048
55,374	-9,058	46,316	Corporate Resources (Excluding Revenues and Benefits)	58,966	-8,820	50,146
5,038	-256	4,782	Non Service Budgets	31,684	-300	31,384
21,440	-438	21,002	Central Budgets & Net Transfers to Reserves	23,620	-2,636	20,984
1,133,620	-747,886	385,734	Cost of services	1,140,601	-751,087	389,514
		29,780	Other Operating Expenditure (Note 8a)			42,284
		47,830	Financing and Investment income and expenditure (Note 8b)			55,862
		-421,000	Taxation and non-specific grant income (Note 8c)			-438,520
		42,344	Surplus (-) /Deficit on Provision of Services			49,140
		-24,946	Surplus (-)/Deficit on revaluation of non current assets			-14,013
		-10,372	Re-measurements of the net defined benefit liability			80,307
		-35,318	Other Comprehensive Income and Expenditure			66,294
		7,026	Total Comprehensive Income and Expenditure			115,434

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets 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 is usable reserves, which represent real cash available to the Council to provide services. The Council must maintain a prudent level of these reserves for unexpected events. The second category of reserves does not represent real cash. It includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2018		31 March 2019	Notes
£000		£000	
946,528	Property, Plant and Equipment	958,725	Note 9
37,058	Heritage Assets	37,058	Note 12
58,863	Investment Property	53,592	Note 13
595	Intangible assets	430	Note 14
1	Long term investment	1	Note 16
2,104	Long term debtors	2,304	Note 17
1,045,149	Long Term Assets	1,052,110	
15,003	Short Term Investments	29,454	Note 18
977	Assets Held for sale	170	Note 19
1,766	Inventories	2,299	Note 18
77,348	Short Term Debtors	89,734	Note 18
51,838	Cash and Cash Equivalents	52,541	Note 18
146,932	Current assets	174,198	
-5,336	Cash and Cash Equivalents (Overdraft)	-11,088	Note 18
-13,105	Short term borrowing	-20,613	Note 18
-94,903	Short Term Creditors	-98,103	Note 18
-9,167	Provisions	-7,308	Note 20
-122,511	Current Liabilities	-137,112	
-13,368	Provisions	-22,032	Note 20
-312,908	Long term borrowing	-296,894	Note 47c
-1,032,108	Other Long Term liabilities	-1,173,163	Note 39
-10,258	Capital Grants Receipts in Advance	-11,611	Note 45
-1,368,642	Long Term Liabilities	-1,503,700	
-299,072	Net Liabilities	-414,504	
-202,849	Usable Reserves	-256,168	Note 5
501,921	Unusable Reserves	670,672	Note 21
299,072	Total Reserves	414,504	

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting year. 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 i.e. fees and charges. 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.

2017-18		2018-19
£000		£000
42,344	Net (surplus) or deficit on the provision of services (Comprehensive Income and Expenditure Statement page 19)	49,139
-141,882	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	-174,856
44,485	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22 d)	47,816
35,209	Interest and dividends received and paid ((Note 22 d)	33,547
-19,844	Net cash flows from Operating Activities (Note 22 a)	-44,354
10,021	Investing Activities (Note 22 b)	33,671
12,534	Financing Activities (Note 22 c)	15,732
2,711	Net (increase) or decrease in cash and cash equivalents	5,049
	Balance Sheet Movement	
49,211	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet page 20: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	46,502
46,500	Cash and cash equivalents at the end of the reporting period (Note 18, page 48) (Balance Sheet page 20: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	41,453
2,711	Net (increase) or decrease in cash and cash equivalents	5,049

Note 1. Statement of Significant Accounting Policies

The following notes are provided to give more detailed analysis in support of the main financial statements. They include all the information authorities are required to disclose except that for this Council the following disclosure requirements are not relevant for the 2018-19 Statement of Accounts:

- Schemes under the Transport Act 2000 (road user charging and workplace parking levy schemes): The Council has not entered into any such activities.
- Business Improvement District (BID) schemes: No such schemes have been established by the Council.
- Analysis of net assets used by General Fund services, Housing Revenue Account (HRA) Services and trading services: The Council has no HRA and none of its trading services uses a material level of the overall net assets.

The accounts have been prepared in accordance with:

- The Accounts and Audit Regulations 2015.
- The Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as adopted and adapted by the Code.

Fundamental Accounting Principles

Where specific legislative requirements and accounting principles conflict, legislative requirements are applied.

Consistent accounting policies have been applied both within the year and between years unless otherwise identified.

The accounts have been prepared on a going concern basis and reflect the reality or substance of the transactions and activities underlying them, rather than their formal character.

The financial statements give a true and fair presentation of the financial position, financial performance and cash flows of the Council.

Balances and transactions are recognised gross rather than netted off each other.

Comparative information is disclosed in respect of the previous period for all amounts reported in the current period's financial statements.

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

Where estimation techniques are required to enable the accounting practices adopted to be applied, then the techniques which have been used are, in the Council's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, if practicable, the effect on the results for the current period is disclosed separately.

i. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

There are a small number of exceptions to the accruals concept:

- A 12-month charge is included for payments to public utilities but this may not necessarily be the period of the financial year.
- Expenditure on rent allowances is accounted for on a 52-week basis, with an occasional 53rd week being charged into the accounts.

ii. Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months 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, but in the balance sheet these are shown gross.

iii. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

v. Charges to Revenue for Non – Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, in accordance with the Prudential Code. This requires that the Council sets the annual contribution at a prudent level, so that the contribution pays broadly for the benefit in each year of the capital expenditure in proportion to the overall borrowing required. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the MRP (Minimum Revenue Provision) contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled 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 example, leased cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made using appropriate sampling techniques for the estimated cost of holiday entitlements (or any form of leave) 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 holiday benefits are charged out 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 employee's employment (before the normal retirement date) or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to Individual Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an employee or is making an offer to encourage voluntary redundancy.

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

Post-Employment Benefits

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

- The Local Government Pensions Scheme, administered by Bradford Council on behalf of the West Yorkshire Pension Fund.

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

Both schemes provide defined benefits to Members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the West Yorkshire 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, and any other relevant factors, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond. The discount rate adopted by the Actuary is based on a weighted average of "spot yield" on AA rated corporate bonds.
- The assets of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet (netted from the overall pension liability) at their fair value:
 - quoted securities – current bid price.
 - unquoted securities – professional estimate.
 - unlisted securities – current bid price.
 - property – market value.

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest expense on the defined benefit obligation – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is netted off the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Re-measurement of the net defined benefit obligation – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- Contributions paid to the West Yorkshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Additional pension costs such as early retirement costs, for which the WYPF recharge the Council direct, have been included in the liabilities and contributions in line with International Accounting Standard (IAS) 19.

All defined benefits awarded to employees are recognised in the pension liability, and an actuarial calculation of the liabilities in respect of the compensatory added years benefits awarded to teachers has been obtained and included within the overall pension liability.

The difference between the value of the pension fund assets calculated by the actuary and the present value of scheme liabilities is shown in Note 21d relating to the Pension Reserve, see page 52.

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

Local Government Pension Scheme members retiring on or after 6 April 2006 can elect to take a higher lump sum in exchange for a lower retirement benefit. The commutation terms mean that it is less costly for the scheme to provide the lump sum than the pension, as more members take up this option, employers' pension costs are reduced. At its inception it was assumed that 50% of members will take up the option to increase their lump sum to the maximum available. However, the 2018-19 figures are based on actual take-up levels up to 31 March 2019.

Teachers' Pensions

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

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.

vii. Events After the Balance Sheet Date

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

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

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

viii. Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and, includes the borrowing, trade payables, lending, trade receivables, investments and bank deposits of the Council.

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 (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy to spread the gain or loss over the term of the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments 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 cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost. Such assets are those where there are contractual terms giving rise on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding, and where the business model is to collect the cash flows arising.
- Fair value through profit or loss (FVPL).
- Fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, 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 Cost

Financial assets measured at amortised costs 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, 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 an asset are credited or debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], 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 losses. Where risk has increased significantly since an 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 of 12-month expected losses.

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

Financial Assets Measured at Fair Value through Profit of Loss

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

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

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

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

ix. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

x. Government Grants and Contributions

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

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

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

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 (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced 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.

Where grants can be treated as revenue or capital, they will in the first instance be treated as revenue grants, with the expectation that the grants are credited to the Comprehensive Income and Expenditure account and then transferred to a grant earmarked reserve. There is an expectation that the grants will be credited in full into the Comprehensive Income and Expenditure statement because where grants can be used either for a capital or revenue purpose, it is likely that the Council has met the conditions of the grant. In the unlikely event that the conditions have not been met, the grant will be treated as a receipt in advance and carried forward into the next financial year as a liability on the balance sheet.

xi. Heritage Assets

The Council's Heritage Assets are assets that are held by the Council principally for their contribution to knowledge and/or culture. They are recognised and measured including treatment of revaluation gains and losses in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

These are assets which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where it is practicable to obtain a valuation, heritage assets are held at current value. Valuation methods used by the authority include professional valuations and insurance valuations. The Council has recognised the major pieces of its museum collection on the Balance Sheet on the basis of the lower valuation completed by an external valuer. Civic regalia has been included using as its base the detailed insurance valuations (which are based on market values provided by an external valuer in 2010) held by the Council in respect of the collection.

Where a current valuation is not practicable at a reasonable cost, heritage assets are held at historic cost, if this is known. If neither current valuation nor historic cost is available then heritage assets are not recognised on the balance sheet. The Council discloses information about the nature and scale of its collections of heritage assets, whether or not these have been identified on the balance sheet.

In 2013-14, the accounting policy for one category of Heritage Assets changed, so that items in Museum collections are only included in the balance sheet, where an independent valuation is available.

The Council is unlikely to be able to recognise the majority of the ceramics, porcelain work, figurines, pottery, machinery, ephemera, photography, biological and geological records and specimens, books and manuscripts in future financial statements. This is due to the fact that obtaining valuations for the vast majority of these collections would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Council's financial statements.

The Council discloses information about the nature and scale of its collections of heritage assets, whether or not these have been identified on the balance sheet.

Heritage assets are assumed to be held in perpetuity, and are therefore not depreciated. However, heritage assets are reviewed for impairment in the same way as any other tangible or intangible assets.

The Council has had a number of items kindly donated over the years, but it has insufficient information as to what the value would have been when they were donated. The Council has therefore not recognised any of these assets in the Donated Assets Account on the Balance Sheet prior to 1 April 2010, although their current value might be included as Long Term Assets on the Balance Sheet.

Some assets are also classified as operational heritage assets where they are in addition to being held in trust for future generations, also used by the Council for other activities and services. In such cases, the assets are classified, valued and depreciated in accordance with their general type, for instance buildings.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences), is capitalised, when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of Council websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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 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 services 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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii. Interests in Companies and Other Entities

The Council does not have any material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements which would require it to prepare group accounts.

The Council has financial relationships with a number of subsidiary and associated companies, in the main to manage the Building Schools for the Future (BSF) programme. None of them are material in size or nature. They are shown in the notes to the main financial statements and have been treated according to IAS 27 and IAS 28 (Associates).

xiv. Inventories and Long term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xv. Investment Property

Investment properties are those that are used solely to earn rentals and/or 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 or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated but valuations are assessed annually to ensure they reflect market conditions at year end. Gains and losses on revaluation are posted to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

Rentals received in relation to investment properties are credited to Financing and Investment Income and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi. Joint Arrangements

Joint arrangements are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Joint arrangements may also mean items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint arrangement does not involve the establishment of a separate entity. The Council accounts for only its share of the joint arrangements, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint arrangement and income that it earns from the arrangement.

xvii. Leases

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.

Where a lease covers both land and buildings; the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received).

- finance charge (debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement).

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

Operating leases

Where the Council does not have the risks and rewards of ownership, the rental income is shown in the Income and Expenditure account as an expense of the Services benefiting from the use of the leased property, plant and equipment.

The Council as Lessor

Finance Leases

Where the Council grants a lease on one of its assets, a finance lease exists where the economic reality is a sale. This is usually when the minimum lease payments approximate to the value of the asset. The accounting treatment is that the related asset is removed from the balance sheet as a disposal and the lease payments separated into deferred capital receipts and interest income.

Any 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 lease 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 fixed 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 Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (for example, there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above the de minimis level of £10,000 is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the costs of the item can be measured reliably. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance), is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).

- Community assets – the Council values community assets at current value; historical cost has been used when this is an appropriate stand-in for current value.
- Surplus assets – fair value, estimated at highest and best use, determined from the perspective of market participants.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value.

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

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

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.

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

Component Accounting

The Council's accounting policy from 1 April 2010 onwards is to apply component accounting to all assets being revalued, enhanced or acquired, with a net book value excluding land of £1m or more. Separate components will only be identified where their value is a minimum of 20% of the cost of the asset, and have a different life to other components of the asset. The main component classes to be separately valued will be the structure, plant and equipment, and 'other' to include unusual or one-off components. Where an existing asset is revalued into separate components, the actual or estimated value of the separate components will have to be derecognised. If the original cost is not known, the Council's Asset Management service will use an appropriate index to calculate the net current value of the relevant component.

The Council is also following the Code of Practice's requirements for componentisation where assets are acquired or enhanced, with the Council's £1m minimum value excluding land, for componentisation, as set out below:

- When new assets are acquired, separate components with value over 20%, are recognised on initial recognition. This is best assessed when the asset is first acquired.
- Where an asset is enhanced, separate components (over 20% of total value) have been recognised. These components will not just relate to the enhancement work, but to existing components as well.

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 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 in the Comprehensive Income and Expenditure Statement.

Where an impaired loss is reversed subsequently, the reversal is credited to the relevant service 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 all Property, Plant and Equipment assets by the systemic allocation of their depreciable amounts. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – depreciated over 3 to 25 years as appropriate.
- Infrastructure – straight-line allocation over 30 years.
- Surplus Assets – straight-line allocation over the useful life of the property as estimated by the valuer.
- PFI – straight-line allocation over the useful life of the property as estimated by the valuer.

Where an item of Property, Plant and Equipment assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Assets are not depreciated in their year of acquisition. Revalued assets do not have their useful economic life (UEL) or depreciation charges amended until the year following the revaluation.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal 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 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), in the Capital Financing Requirement Statement. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xix. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The unitary payments made for the PFI schemes are split, using estimation techniques, into separate elements. Those elements impacting on the balance sheet are the repayment of the liability and capital lifecycle replacement costs. Other elements are the interest payable on the outstanding liability, the value of services received and contingent rent (contract inflationary increases) which impact on the Comprehensive Income and Expenditure statement.

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

The carrying value of debtors has been impaired to reflect bad and doubtful debts. The impairment is netted off the gross total of debtors in line with accounting practice and is not included in the provisions note. Known uncollectable debts have been written off in full.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure. These reserves are classed as usable reserves and itemised in Note 5 on page 38.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits. These reserves are classed as unusable reserves and explained in Note 21 on page 50.

xxii Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

xxiii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxiv. Partnership Arrangements

Where the Council acts as the accountable body for specific grants or other schemes, they are accounted for on the following basis:

- If the Council controls the grant distribution process, all of the grant money received and the associated expenditure will be included in the Council's accounts. Conversely if the Council does not control the award of grant, only the grant allocated to the Council itself and the associated expenditure is recognised in the Council's accounts.
- Where the Council is the ultimate recipient of grant distributed by the decision making body, the grant receivable is included in the accounts on an accruals basis.
- Where liabilities may arise for the repayment of grant as a result of the Council's status as an accountable body these will be recognised in the accounts of the Council in accordance with accounting policies.

xxv. Council Tax and National Non Domestic Rates (NNDR)

In the Council's capacity as billing authority it acts as an agent in collecting and distributing Council Tax income on behalf of the major preceptors and itself. The Code requires that only the Council's share of income and expenditure and Balance Sheet items are included in the financial statements.

The Council acts as an agent in collecting National Non Domestic Rates (NNDR) on behalf of the government, but also retains a 49% share of NNDR received. The budgeted, rather than actual, total of the 49% share of NNDR attributable to the Council is recognised in the Comprehensive Income and Expenditure Statement. The difference between the budgeted 49% share and the actual amount received is transferred to the Collection Fund Adjustment Account and credited or debited to the Comprehensive Income and Expenditure Statement in future years.

As part of directly receiving a share of NNDR rates, the Council will also incur a share of the loss for repayments arising from appeals against NNDR valuations, which can be backdated to years prior to 1 April 2013. The Council has taken up a right

allowed by statute to charge this cost to the Comprehensive Income and Expenditure Statement over a period of 5 years, starting in 2017-18.

xxvi. Acquired and Discontinued Operations

Where the Council, has acquired material operations, or discontinued operations, further details will be provided. In general, the acquired or discontinued operations will also be shown separately in the Comprehensive Income and Expenditure Account.

xxvii. Fair value measurement

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted price (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.

Note 2. Prior Period Adjustments

There were no prior period adjustments in 2018-19

Note 3. Accounting Standards not yet adopted, Changes to the Code, Critical Judgements and Assumptions and Estimation**Accounting Standards Issued, not yet adopted**

IFRS 16 Leases: this new standard replaces IAS 17 from 2020/21 and establishes a new model for lessees. The application of IFRS16 to Local Authorities is still out for consultation. As a result, it is too early to make a judgement as to its impact.

Critical Judgements in applying Accounting Policies

The Council has made judgements about different transactions and the uncertainty of future events. The critical judgements made in the Statement of Accounts are:

The Council has judged whether its leases are operating or finance leases. These judgements are based on a number of tests, which determine, regardless of the legal form, whether the economic reality of the lease arrangement is that the Council has purchased the asset on credit. The most common test to determine whether this is the economic reality is that the lease arrangement lasts for most of the life of the asset. The accounting treatment of operating and finance leases is different and impact on the main accounting statements.

The Council has also judged whether its contractual arrangements contain an implicit finance lease, which is to say the economic reality is that the Council is paying for the use of an asset as well as a service. The contractual arrangements are tested in a similar way to the Council's lease arrangements. Where this is the case, the Council has shown the asset on its balance sheet per the economic reality, which is that the asset has been purchased.

In addition, the Council has made judgements about which assets to classify as heritage assets, by judging whether those assets that are non-operational have artistic, scientific, cultural and environmental qualities. The accounting standards allow wide discretion over how to value heritage assets. The Council has made the judgement to value heritage assets using professional external valuations and insurance values on specific assets, where possible.

The Council has judged that when it has committed to a redundancy in writing by the end of the financial year, the costs to the Council of the redundancy are either accrued, if the person has left the Council by 31 March 2019, or included in a provision. A judgement has also been made about whether to include a provision for planned future redundancies, even when the Council is not committed to these. The tests are whether there is a high expectation and likelihood that the redundancies are carried out and that there is a detailed plan for redundancies.

The Council has made judgements about what other provisions should be made in the accounts and the amounts to be set aside. The Council has included provisions where the Council has a commitment at the financial year end to incur expenditure. The amount of the provision is based on an estimate of the commitment incurred using the evidence available, which is then discounted. In particular a provision was required in 2018-19 for the estimated costs of repaying Business Rates, following successful appeals. A provision for bad debts is also included based on the expectation of the Council receiving payment.

A judgement is also made on when to disclose a contingent liability. The test is whether at the year end date, there is a potential commitment to incur costs conditional on an event, such as the outcome of a court case.

There is also a requirement for the Council to exercise judgement about which school types should be included in the Balance Sheet, given there are different degrees of autonomy with the school types.

By virtue of legal ownership or the control exerted over school governing bodies, the Council recognises on its balance sheet at current value, interests in all schools where ownership is vested either in the Council or a school governing body. This includes all community schools, and some foundation and voluntary controlled schools (64 in total). All other schools (28) are vested in founding trusts controlled by religious or charitable bodies. Ownership of these schools is not recognised by the Council as there is no past transaction or event giving the Council control of these properties; rights to continuing use of the assets, or to the benefits associated with them. This is entirely dependent on the ongoing and future goodwill of the owner which could take back the asset at any time. However, the costs of providing actual education services from such establishments and the revenues arising are recognised as service costs under net cost of services.

Overall the Council's policy is not to include Academies on its Balance Sheet. As such, schools transferring to Academies will also be de-recognised from the balance sheet and newly built Academies will not be shown as assets on the Council's balance sheet when long term leases have been completed.

The Council has made judgements about how the Building Schools for the Future (BSF) Phase 2 schools were initially recognised on the Council Balance Sheet. Three mainstream Secondary Schools were handed over to the Council along with three co-located Special Education Secondary Schools on the sites. The Private Finance Initiative (PFI) contract does not separate out the construction costs for the Secondary Schools and the Special Schools and a judgement was made to recognise the schools initially on a 50:50 split based on the construction costs included in the PFI contract. This approach was taken as the PFI assets were to be revalued once they had been handed over to the Council and the value in the accounts as at 31 March 2019 is the revalued amount for assets that remain on the Balance Sheet.

The Council has made a judgement on the amount that needs to be set aside to repay past debt. This amount is known as the Minimum Revenue Provision (MRP) and is charged to the Movement in Reserves Statement. Depreciation is calculated on accounting principles, and is charged to the Comprehensive Income and Expenditure Statement but reversed and replaced by

MRP charged to the Movement in Reserves Statement. MRP is calculated on regulatory principles according to the Council's judgement of what is prudent. MRP set aside from previous years as a proportion of outstanding debt, is in excess of the amount of time the Council's buildings have provided service benefits compared to their expected lives. The Council has recognised this overprovision within its current MRP policy and as a result has judged that it is prudent to charge less MRP (i.e. £1m) in 2018-19 to the Movement in Reserves Statement.

Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The Council had Property, Plant and Equipment of £956.4m as at 31 March 2019. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether the Council will be able to maintain an adequate level of spend on repairs and maintenance, which could affect the useful lives of certain assets.	If the useful life of assets is for example reduced, depreciation increases and the carrying amount of the asset falls.
Provisions	<p>The Council has a provision of £1.1m for termination costs arising from redundancies anticipated in the budget. An estimate has been made of these costs based on the anticipated number of redundancies and an average cost.</p> <p>The Council also has a provision of £6.138m at 31 March 2019 (£5.734m at 31 March 2018) for insurance claims which it has chosen to self insure (all claims under £120,000). The insurance provision has been rigorously reviewed over the last two years and is now considered to be at an adequate level to meet all expected claims.</p> <p>In addition, the Council has a provision of £20.4m at 31 March 2019 (£7.480m at 31 March 2018) for the Council's share of Business Rate Appeals. New funding arrangements now mean that the Council receives 99% of the Business Rates it collects, instead of a redistribution from the government. The provision has been estimated by analysing all appeals to date by category as well as reviewing the rate of success.</p> <p>Under IFRS, provisions must be split between short term (up to one year) and long term (over one year). It is not possible to accurately determine when various claims, which may be subject to litigation, will be paid and therefore the analysis of the overall provision between long and short term is an approximate estimate.</p>	<p>An increase or decrease in the cost of redundancy would have a proportionate impact on the provision required.</p> <p>If the insurance provision is not adequate, which is considered very unlikely, extra funds would have to be found from available reserves or from in year savings.</p> <p>If the Business Rate appeals provision is not adequate, additional funds would be required from reserves or in year savings.</p>
Pensions Liability	<p>Under IFRS, provisions must be split between short term (up to one year) and long term (over one year). It is not possible to accurately determine when various claims, which may be subject to litigation, will be paid and therefore the analysis of the overall provision between long and short term is an approximate estimate.</p> <p>The Council had a pension liability of £1,006.9m at 31 March 2019. 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. A firm of consulting actuaries, Aon Hewitt Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>An incorrect allocation of the provision between short term and long term will not change the net worth of the Balance Sheet, or impact on the Council's cash levels. It will either over or understate current or long term liabilities, where short and long term provisions are respectively included.</p> <p>The effects on the net pension liability of changes in individual assumptions can be measured. A 0.1% increase in the discount rate assumption would result in a decrease in the present value of the total defined benefit obligation for Local Government Pension Scheme (LGPS) funded benefits of £52.7m – a decrease from £2,987.6m to £2,934.9.</p>
Arrears	At 31 March 2019, the Council had a balance of debtors and prepayments of £114.7m, a reduction of £14.5m compared to the 31 March 2018 figure of £100.2m. A review of significant balances suggested that a minimum impairment of debts of 15% was appropriate for balances aged at least one year, given the current economic climate, but higher levels than this have been included where appropriate.	If collection rates were to deteriorate, this would increase the amount of the impairment of doubtful debts.

Leases	<p>The Council had £0.6m of finance leases categorised within Property, Plant and Equipment as 31 March 2019. Operating leases are not shown in the Balance Sheet. Under IFRS, all leases must firstly be split into either finance or operating leases, and then into land and buildings. The Council has over 3,000 individual leases, most of which are for relatively small amounts. The Council does not have sufficient valuation staff to review all leases, and the resulting information would not justify the cost. The main assumptions which have been made are:</p> <p>Split between finance and operating lease:</p> <ul style="list-style-type: none"> • A lease where the lease term is less than 75% of the economic life of the asset will be assumed to be an operating lease. • A lease where the real (i.e. present) value of the minimum lease payments is less than 80% of the asset value, is classed as an operating lease. <p>There are approximately 40 equipment leases which have a value over £10,000 over the life of the lease which will be reviewed. Those under £10,000 will not be reviewed.</p>	<p>The effect of making an incorrect classification between finance and operating leases is not considered material. The effect of not undertaking a separation of land and buildings for all relevant leases is also not considered material. Many leases are for land only, for which assessment will be relatively easy.</p>
Fair value measurements	<p>When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine the fair value (for example for investment properties the Council's chief valuation officer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 9, 13 and 47.</p>	<p>The methods used to arrive at the fair value of surplus and investment properties are described in notes 10 and 13. They are based on observable data.</p> <p>The method used to measure the fair value of investments is described in Note 47.</p>

Note 4. Adjustments between accounting basis and funding basis under Regulations 2018-19

This note shows the removal of expenditure and income included in the accounts in accordance with accounting policies but not chargeable against Council Tax by statute. For example, depreciation is charged in accordance with accounting policy but is not chargeable against Council Tax by statute. The note also shows the charging of other items against Council Tax according to statute but which are excluded by accounting policies, for instance the minimum revenue provision.

2017-18				2018-19				
Useable Reserves			Movement in Unusable Reserves	Adjustment between Accounting Basis and Funding Basis Under Regulation	Useable Reserves			Movement in Unusable Reserves
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied			General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
£000	£000	£000	£000		£000	£000	£000	£000
32,269			-32,269	Adjustments primarily involving the Capital Adjustment Account:				
4,939			-4,939	Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
-6,979			6,979	Charges for depreciation and impairment of non current assets	31,916			-31,916
231			-231	Revaluation losses on property, plant and equipment	-2,661			2,661
-19,259			19,259	Movements in the market value of Investment Properties	1,027			-1,027
7,771		-5,634	-2,137	Amortisation of intangible assets	240			-240
32,892			-32,892	Capital grants and contributions applied	-27,372			27,372
0			0	Revenue expenditure funded from capital under statute (REFCUS)	6,651		-3,469	-3,182
-1,000			1,000	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	45,024			-45,024
-5,923			5,923	Donated Assets	0			0
			0	Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
			0	Statutory provision for the financing of capital investment	-1,000			1,000
			0	Capital expenditure charged against the General Fund	-5,047			5,047
-20,115		20,115	0	Adjustments primarily involving the Capital Grants Unapplied Account:				
		-11,948	11,948	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-15,690		15,690	0
			0	Application of grants to capital financing transferred to the Capital Adjustment Account			-2,018	2,018
-5,097	5,097		0	Adjustments primarily involving the Capital Receipts Reserve				
	-8,765		8,765	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-4,754	4,754		0
0	-1		1	Use of the Capital Receipts Reserve to finance new capital expenditure		-4,755		4,755
0	3		-3	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.		-1		1
			0	Adjustments primarily involving the Deferred Capital Receipts Reserve:				
			0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		2		-2
-394			394	Adjustments primarily involving the Financial Instruments Adjustment Account:				
			0	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	823			-823
86,096			-86,096	Adjustments primarily involving the Pensions Reserve:				
-47,512			47,512	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	117,069			-117,069
-1,268			1,268	Employer's pensions contributions and direct payments to pensioners payable in the year:	-48,492			48,492
			0	Adjustments primarily involving the Collection Fund Adjustment Account:				
			0	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements.	-3,958			3,958
			0	Adjustment primarily involving the Accumulated Absences Account:				
-1,642			1,642	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	-1,522			1,522
55,009	-3,666	2,533	-53,876	Total Adjustments between accounting basis & funding basis under regulations	92,254	0	10,203	-102,457

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2017	Transfers Out	Transfers In	Balance at 31 March 2018	Transfers Out	Transfers In	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserve	10,803	0	0	10,803	0	4,197	15,000
Schools Delegated Balances	25,217	-4,667	0	20,550	-262	6,988	27,276
A. Total General Fund Balance	36,020	-4,667	0	31,353	-262	11,185	42,276
Unallocated reserves available to support future budget decisions	14,497	0	0	14,497	-4,197	0	10,300
Earmarked Reserves							
Managed Severance	4,093	-4,093	0	0	0	0	0
Transitional and Risk	6,864	-235	4,282	10,911	-2,214	8,062	16,759
Exempt VAT	2,000	0	0	2,000	0	0	2,000
Producer City Initiative	192	-34	4	162	-54	49	157
PFI - Contracts	805	-121	0	684	-194	0	490
Transformation Programme	125	-125	0	0	0	0	0
Employment Opportunities Fund	1,198	-329	358	1,227	-986	0	241
Waste Collection & Disposal Options	3,063	-3,063	0	0	0	0	0
Trade Waste VAT Refund	343	-120	56	279	-176	0	103
Insurance	1,775	0	0	1,775	0	0	1,775
Insurance Risk	0	0	1,893	1,893	0	0	1,893
Industrial Centres of Excellence	1	0	0	1	0	0	1
Sports Strategy	104	-104	0	0	0	0	0
Regional Growth Fund	5,187	-520	0	4,667	-445	0	4,222
Better Use of Budgets	2,788	-2,787	1,669	1,670	-1,669	788	789
Regional Revolving Investment Fund	3,956	-2,804	0	1,152	-527	0	625
Discretionary Social Fund	1,848	-129	0	1,719	-97	0	1,622
Single Status	23	0	0	23	0	0	23
Health Integration	222	0	0	222	0	0	222
Match Fund Basic Needs Grant	700	0	0	700	0	0	700
Dilapidation & Demolition	2,000	-372	0	1,628	-240	0	1,388
Strategic Site Assembly & Develop	756	0	0	756	-58	0	698
Redundancy Reserve	0	-8,842	11,272	2,430	0	3,000	5,430
Implementation Reserve	0	0	3,970	3,970	-1,413	0	2,557
Review of Council's MRP Policy	0	0	10	10	0	0	10
Review of Council's Pension Guarantees	0	0	10	10	-6	0	4
NDR Volatility Reserve	0	0	735	735	0	2,000	2,735
Council Tax Reserve	0	0	575	575	0	0	575
Leeds City Region WYTF	0	0	421	421	0	0	421
Leeds City Region Economic Development	0	0	402	402	0	0	402
Finance Works Reserve	0	0	0	0	0	56	56
Markets Compensation	0	0	0	0	0	360	360
Financing Reserve 2019/20	0	0	0	0	0	1,000	1,000
Financing Reserve	0	0	23,738	23,738	0	23,663	47,401
	38,043	-23,678	49,395	63,760	-8,079	38,978	94,659
Reserves for capital investment							
Markets	1,148	-501	21	668	-278	0	390
Renewal and Replacement	13,283	-8,146	0	5,137	0	0	5,137
	14,431	-8,647	21	5,805	-278	0	5,527
Service Earmarked Reserves							
PFI - BSF Unitary Charge	11,394	0	701	12,095	0	1,504	13,599
Supporting People	1,416	-662	0	754	0	0	754

Notes to the Main Financial Statements

Integrated Health and Social Care	4,491	-3,200	0	1,291	-933	480	838
Community Support and Innovation							
Fund	352	0	0	352	-30	0	322
Other	24,032	-7,408	6,239	22,863	-5,325	4,373	21,911
	41,685	-11,270	6,940	37,355	-6,288	6,357	37,424
Revenue Grant Reserves	8,366	-1,775	6,346	12,937	-5,256	10,955	18,636
B Total Earmarked Reserves	117,022	-45,370	62,702	134,354	-24,098	56,290	166,546
C Capital Grants Unapplied	34,609	-17,582	20,115	37,142	-5,487	15,690	47,345
D Capital Receipts Reserve	3,666	-8,766	5,100	0	-4,756	4,756	0
E Total Other Usable Reserves	38,275	-26,348	25,215	37,142	-10,243	20,446	47,345
Total Usable Reserves	191,317	-76,385	87,917	202,849	-34,603	87,921	256,167

Earmarked Reserves are amounts set aside to meet the cost of future commitments, political priorities and specific financial risks. Capital Grants and Capital Receipts unapplied also represent real cash balances but these can only be used to fund capital expenditure.

a) General Fund Balance (£42.3m)

A net £42.3m balance has been carried forward to 2019-20 (£31.3m at 31 March 2018). This includes £27.2m carried forward for schools under delegated budgets.

All authorities are expected to maintain a prudent balance for unforeseen events and to assist cash flow management at a prudent level. The Council has assessed this level to be £15m.

b) Earmarked Reserves (£166.5m)

In light of the ongoing reductions in Government funding since 2010, the Council has consistently applied its Reserves Policy to either fund one off priority investment or transitional activity whilst seeking to reduce its recurrent cost base. A policy which to date has served the Council well.

At 31 March 2019 the Council has available £10.3m of unallocated corporate reserves. In 2018-19 the overall level of earmarked reserves increased by a net £32.1m from £134.4m at 31 March 2018 to £166.5m at 31 March 2019.

c) Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve represents usable capital grants available to fund capital expenditure. Capital Grants are included in this reserve, rather than shown as Capital Grants Received in Advance when all the grant conditions have been met. Capital grants and contributions unapplied are credited to the Comprehensive Income and Expenditure Account when grant conditions are met.

d) Capital Receipts Reserve

When capital receipts are used either to repay debt or to fund capital investment, they are transferred from the Capital Receipts Unapplied Reserve to the Capital Adjustment Account.

Authorities are required to pay 75% of their housing capital receipts into a national pool. The Council was required to pay £922 to the pool in 2018-19 (£1,368 in 2017-18). The Council is required to make a corresponding transfer to the Capital Receipts Reserve to offset the contribution to the pool. This transfer is shown in the Statement of Movement on the General Fund Balance. The usable balance of housing receipts and all other capital receipts are held in the Capital Receipts Reserve until applied either to finance capital expenditure or to repay debt.

2017-18	Capital Receipts Reserve	2018-19
£000		£000
3,666	Balance at 1 April	0
	Usable receipts in the year	0
5,097	Disposal of assets	4,754
3	Other capital receipts	2
-1	Appropriation to (-) from Revenue Account re pooled housing receipts	-1
-8,765	Used to finance capital spending	-4,755
0	Used for debt repayment	0
0	Balance at 31 March	0

Whilst most capital receipts arise from the disposal of assets, other capital receipts may arise, mainly where the Council has given a loan or other assistance for capital purposes.

Note 6. Exceptional Items

There were no exceptional items in 2018-19 or 2017-18.

Note 7. Post Balance Sheet Events

Since 1 April, three Community Schools have transferred to Academy status. The schools have an estimated value of £19.3m at 31 March 2019 and will be removed from the Balance Sheet when a 125 year peppercorn lease is completed.

Note 8. Analysis of the Comprehensive Income and Expenditure

The following tables provide a further analysis of the individual lines that appear on the face of the Comprehensive Income and Expenditure Statement:

2017-18		Other Operating expenditure	2018-19
£000			£000
1,711		Parish Council Precepts	1,971
3		Payments to the Government Housing Capital Receipts Pool	1
28,066		Losses on the disposal of non-current assets	40,312
29,780		Total	42,284

2017-18		Financing and Investment Income and Expenditure	2018-19
£000			£000
36,230		Interest payable and similar charges (see table b2 below)	34,772
20,157		Net Interest on the Pension net defined benefit liability(asset)	21,684
-381		Interest receivable and other income	-574
-9,524		Income and expenditure in relation to investment properties and changes in their fair value	-1,219
-568		Other investment income	-666
1,916		Net Deficit/surplus on Trading Accounts	1,865
47,830		Total	55,862

b2) External interest costs are paid by the Council on loans raised to finance capital expenditure.

2017-18		Interest Payable and Similar Charges	2018-19
£000			£000
		External interest charges	
16,159		Public Works Loans Board	15,340
18,037		Interest on PFI and finance lease rentals	17,515
1,796		Lender Option Borrower Option (LOBO's)	1,702
238		Transferred debt	213
0		Interest on short term borrowing	2
36,230		Total	34,772

2017-18		Taxation and Non-Specific Grant Income	2018-19
£000			£000
-172,348		Council Tax income	-189,723
-61,632		Non domestic rates	-129,613
-147,632		Non-ringfenced government grants (see below)	-76,123
-39,388		Capital grants and contributions	-43,061
0		Donated Assets Funding	0
-421,000		Total	-438,520

Revenue grants that do not relate to the delivery of a specific service are grouped together and shown as income in the Income and Expenditure Account. In 2018-19 the Council received the following:

2017-18		Government grants (not attributable to specific services)	2018-19
£000			£000
-62,849		Revenue Support Grant	0
-64,679		Top Up Grant	-46,454
-652		Local Services Support Grant	-667
-8,557		New Homes Bonus Grant	-5,664
-10,895		Section 31 Grant, mainly relating to Business Rates and National Levy surplus	-23,338
-147,632		Total	-76,123

Note 9. Property, Plant and Equipment: Movements on Balances in 2018-19

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2018	16,978	680,534	54,330	337,054	53,266	16,591	19,382	1,178,135	46,273
Additions	-48	14,776	4,398	21,258	252	622	26,077	67,335	591
Revaluation in the Rev. Reserve	0	5,786	0	0	1,169	-90	0	6,865	1,874
Revaluation in Surplus/Deficit on the Provision of Services	-3,918	-23,856	0	0	-229	-470	0	-28,473	-1,956
Derecognition – disposals	0	-43,780	-1,819	0	-293	-2,384	0	-48,276	0
Derecognition – other	0	0	-10,766	0	0	0	0	-10,766	0
Assets reclassified (to)/ from Held for Sale	0	-680	0	0	0	-368	-584	-1,632	0
Reclassifications	11,993	1,468	0	0	46	3,395	-12,672	4,230	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2019	25,005	634,248	46,143	358,312	54,211	17,296	32,203	1,167,418	46,782
At 1 April 2018	-363	-71,771	-33,893	-124,432	0	-1,148	0	-231,607	-4,308
Depreciation charge	-280	-15,082	-5,212	-11,207	0	-121	0	-31,902	-929
Depreciation w/o Revaluation Reserve	0	7,109	0	0	0	39	0	7,148	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	258	30,799	0	0	0	76	0	31,133	4,434
Impairment losses/ (reversals) in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment in Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – disposals	0	3,207	1,644	0	0	902	0	5,753	0
Derecognition – other	0	0	10,766	0	0	0	0	10,766	0
Reclassifications – Other	0	64	0	0	0	-48	0	16	0
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0
At 31 March 2019	-385	-45,674	-26,695	-135,639	0	-300	0	-208,693	-803
At 31 March 2018 – Net Book Value	16,615	608,763	20,437	212,622	53,266	15,443	19,382	946,528	41,965
At 31 March 2019 – Net Book Value	24,620	588,574	19,448	222,673	54,211	16,996	32,203	958,725	45,979

Comparative Movements in 2017-18

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infra-structure assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2017	14,117	688,144	49,987	323,426	40,381	18,841	10,964	1,145,860	46,273
Additions	126	15,240	5,983	13,628	277	641	20,212	56,107	0
Revaluation in the Rev. Reserve	0	12,179	0	0	10,668	195	0	23,042	0
Revaluation in Surplus/Deficit on the Provision of Services	-4,113	-3,508	0	0	367	-2,393	0	-9,647	0
Derecognition – disposals	0	-32,839	-1,640	0	0	-822	0	-35,301	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/ from Held for Sale	0	-779	0	0	0	-198	-1,116	-2,093	0
Reclassifications	6,848	2,097	0	0	1,573	327	-10,678	167	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2018	16,978	680,534	54,330	337,054	53,266	16,591	19,382	1,178,135	46,273
At 1 April 2017	-419	-66,300	-30,120	-113,281	-1	-558	0	-210,679	-3,380
Depreciation charge	-235	-15,006	-5,121	-10,766	0	-757	0	-31,885	-928
Depreciation w/o Revaluation Reserve	0	1,683	0	0	1	29	0	1,713	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	291	4,410	0	0	0	122	0	4,823	0
Impairment losses/ (reversals) in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment in Surplus/Deficit on the Provision of Services	0	0	0	-385	0	0	0	-385	0
Derecognition – disposals	0	3,317	1,348	0	0	28	0	4,693	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Reclassifications – Other	0	125	0	0	0	-12	0	113	0
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0
At 31 March 2018	-363	-71,771	-33,893	-124,432	0	-1,148	0	-231,607	-4,308
At 31 March 2017 – Net Book Value	13,698	621,844	19,867	210,145	40,380	18,283	10,964	935,181	42,893
At 31 March 2018 – Net Book Value	16,615	608,763	20,437	212,622	53,266	15,443	19,382	946,528	41,965

Note 10. Valuations

Operational and non-operational assets have been valued by Belinda Gaynor MRICS and other similarly qualified officers of the Council's Estate Management Service, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Not all properties were inspected as this was not considered necessary for the purposes of the valuation. Revaluations are planned through a five year rolling programme and have been listed in the table below in the year they were revalued.

Valuations were completed during the period 1st April 2018 to 12th April 2019. Assets reviewed as part of the 5 year plan were valued as at the 1st April 2018, with the exception of school assets which were valued with effect from 31st March 2019.

Valuations were undertaken on the basis of fair value in existing use, depreciated replacement cost/ modern equivalent asset and fair value market value. Other than standard assumptions associated with each class of valuation no specific assumptions were made with any additional assumptions being made individually for each asset.

The Council constructed a number of dwellings for rent, which are managed by a housing association on its behalf. The Council has to date not established an HRA in reliance on a Direction from the Secretary of State. That position is now under review.

Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	0	17	19,448	315	222,673	20,466	32,203	295,122
Held at Valuation								
Value in:								
2013/14	0	2		0		0		2
2014/15	0	75,908		1,586		620		78,114
2015/16	0	56,763		5,260		435		62,458
2016/17	0	40,175		1,912		1,467		43,554
2017/18	6,396	59,437		4,025		26,066		95,924
2018/19	18,224	356,272		3,898		5,157		383,551
Total	24,620	588,574	19,448	16,996	222,673	54,211	32,203	958,725

Fair value measurement of surplus assets

The Council has accounted for surplus assets in accordance with IFRS 13 and they have been valued at fair value.

There has been no change in the valuation technique used during the year for surplus assets. Surplus assets have been valued at the highest and best use. The fair value of surplus property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets. The valuers are of the opinion that all surplus assets are at Level 2 on the fair value hierarchy using significant observable inputs.

There have been no transfers between the different levels of hierarchy during the year.

Note 11. Capital Commitments and Obligations Under long Term Contracts**a) Capital Commitments**

The Council has an approved capital investment plan for the period 2018-19. At 31 March 2019 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018-19 and future years budgeted to cost £13.594m. Similar commitments at 31 March 2018 were £32.079m. The major commitments (over £0.250m) are:

Capital Commitments	2017-18	2018-19
	£000	£000
Primary Schools Expansion Programme	247	4,653
Affordable Housing	7,375	1,374
Squire Lane	0	429
Keighley Road Adult Social Care Respite and Residential	8,086	1,970
St Georges Hall	2,608	0
Sedbergh Sports Facility	13,388	4,903
Digital Scanner (Coroner)	0	265
Vehicle Replacement	375	0

Total	32,079	13,594
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b) Obligations Under Long-Term Contracts

There was no long term obligation at 31 March 2019.

Note 12. Heritage Assets**Tangible Heritage Assets**

	Museum collection £000	Civic regalia £000	Statues & Monuments £000	Total Assets £000
Cost or valuation				
1 April 2017	35,022	1,732	113	36,867
Additions	0	0	0	0
Revaluation increases / (decreases) recognised in the revaluation reserve	191	0	0	191
31 March 2018	35,213	1,732	113	37,058
Cost or valuation				
1 April 2018	35,213	1,732	113	37,058
Additions	0	0	0	0
Revaluation increases / (decreases) recognised in the revaluation reserve	0	0	0	0
31 March 2019	35,213	1,732	113	37,058

The Council held £37.1m heritage assets on its Balance Sheet as at 31 March 2019.

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. The Council acquires heritage assets in accordance with established Council Policies, i.e. the Acquisitions & Disposals Policy, Bradford Museums & Galleries. The policy of the Council is to manage and preserve its heritage assets and has no plans to dispose of them. Heritage assets are largely held in museums, managed by the Council, where there is public access. Other heritage assets are held for annual usage, such as the Lord Mayor's chain or items on display at City Hall.

The Council considers that the heritage assets held by the Council will have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation in the financial statements in relation to these heritage assets.

Museum Collection – items on the Balance Sheet

The collection includes a wide range of material that collectively contributes to national / district knowledge and culture through their archaeological, historic, artistic, scientific, technological, geophysical and environmental qualities. These items are held at four main museums and two external stores within the district. More information on the collections can be found on the Council's website at <http://www.bradfordmuseums.org>

The council owns approximately 691,000 items within the museum collections. It is not considered practical to individually value this entire collection, and so only those items which are considered to have a significant value are individually valued and recorded in the balance sheet at their current valuation.

In 2012-13 there was a review of the major pieces of the Fine Art Collection held at Cartwright Hall by external valuers Christies. For those items reviewed by Christies they have been included on the Balance Sheet based on auction values (lower range). In 2014-15 and 2015-16 further items in the collection were reviewed by external valuers resulting in revaluation increases of £2,861,000 and £88,000. In 2017-18 two paintings and two cannons were reviewed by external valuers which resulted in a revaluation increase of £85,000. During 2018-19 three paintings were reviewed by Christies and this has resulted in a revaluation increase of £160,000. In addition four paintings already included on the Balance Sheet have a revaluation increase of £31,000.

This year there have been no new valuations for items included in the collection.

In addition to external valuations the collection is considered for insurance values and four items are included on the Balance Sheet at insurance values which is based on values estimated by museum staff. The insurance values are considered annually.

Those items that are on temporary loan to the museum service have not been included in the Council's Balance Sheet as they are not the Council's assets.

Museum exhibits and works of art – overall collections

As explained in the note above, only those items which have a significant individual value are included in the balance sheet. The current insurance valuation of the lesser valued items have been given a collective value of £46m. Items within the collection are diverse, ranging from scientific specimens, to period fashion garments, to antique furniture. The Council has determined that it would not be practical within a justifiable level of cost to obtain individual valuations for its entire collection.

Civic Regalia

The Council's external valuer for its Civic Regalia (Sydney's Ltd) carried out a full valuation of the collection as at June 2010. The valuations are based on commercial markets. The valuations are updated approximately every ten years with the previous one completed in April 2001. The Council's Civic Regalia is held in City Hall.

Statues and external works of art

The Council has £0.113m of Statues and Monuments. This relates to a war memorial and a new sculpture completed in 2017-18. The value in the accounts is at historic cost.

Other Heritage Assets

There are also potential heritage assets not included on the balance sheet and these include:

- Scheduled ancient monuments and regionally important geological sites – carved rocks and caves.
- Library archives - maps, photographs, newspapers & electoral rolls.
- Fossil Tree stumps.
- Statues and memorials across the district.

For the majority of the statues, neither cost nor valuation information can be provided and therefore reported in the Balance Sheet. This relates to over 60 statues and memorials that are located across the district.

The Council also has a number of scheduled ancient monuments located on assets that it owns. In addition there are records within the Library archives that are being held for historical reference. These assets cannot be valued because of the diverse nature of the assets and therefore cost or valuation information is not available as conventional valuation approaches lack sufficient reliability. The Council is of the opinion that the costs of obtaining the valuations for these items would be disproportionate in terms of the benefit derived.

Also, some heritage assets have been classified as operational heritage assets when they are in use, for instance a building which is used for office accommodation or to house a museum collection. In these cases, the asset is classified according to its type, in this case as land and buildings within the Property Plant and Equipment balance.

No significant heritage assets were disposed of in 2018-19 or 2017-18.

Additions of Heritage Assets

There have been no significant purchases to heritage assets in 2018-19 but there have been some additions to the museum collections in the last two years. Individually these have not been thought significant so there is no separate valuation included in the Balance Sheet for purchased items.

Note 13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. For example, the net gain of £2.203m (see below Analysis of Rental Income and Management Costs of Investments), less the decrease of £1.027m on fair value (see below reconciliation of Movements on Investments), plus the gain on disposal of £0.043m comprise the £1.219m charge for investment properties in Note 8(b), Financing and Investment Income and Expenditure, page 40.

2017-18		2018-19
£000		£000
-2,520	Rental income from investment property	-2,427
-239	Other income (service and other charges)	-147
	Direct operating expenses:	
181	Repairs & maintenance	229
307	Management expenses	142
-2,271	Net (gain)	-2,203

The movement in the fair value of investment properties over the year is summarised as:

2017-18	Reconciliation of Movements on Investments	2018-19
£000		£000
48,604	Balance at 1 April	58,863
4,352	Additions	78
-905	Disposals	-92
6,979	Net gains/losses(-) from fair value adjustments	-1,027

	Transfers	
-167	To/from Property, Plant and Equipment	-4,230
58,863	Balance at 31 March	53,592

Investment Property has been valued by Belinda Gaynor MRICS and other similarly qualified officers of the Council's Asset Management Service, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Properties are not depreciated, the fair value of the Council's investment property is considered annually at each reporting date.

Fair value

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes (see Note 1 for explanation of fair value levels).

In accordance with IFRS 13, investment properties have been valued at highest and best value. Investment properties comprise industrial, retail, residential and office units; development and grazing land. Investment assets have been valued on a desktop basis using the Investment Method of Valuation relying on data held on the council's property database and case files and the knowledge of Estate Management staff. The main considerations in valuing investment properties are rental yields and sale values; size, location, configuration and access; condition and covenants. All investment property valuations are based on such observable inputs.

There were no transfers between levels during the year.

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

Highest and best use of investment properties

In most cases the current use of assets has been considered to be the highest and best use of the properties. The exception to this is land suitable for development which is currently put to a lower value use. In such cases, the use for which the property could be developed has been regarded as the highest and best use of the asset.

Note 14. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular Information Technology (IT) system and accounted for as part of the hardware item within Property, Plant and Equipment. The intangible assets include only purchased licences and do not include any internally generated software. The Council does not have any intangible assets apart from software.

All software is given a useful life, based on the assessments of the period that the software is expected to be of use to the Council. All of the Council's software has an estimated useful life of between five and ten years. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.24m charged to revenue in 2018-19 (£0.231m in 2017-18) was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2017-18	2018-19
	£000	£000
Balance at 1 April each year		
• Gross carrying amounts	20,028	20,069
• Accumulated amortisation	-19,243	-19,474
Net carrying amount at start of year	785	595
Additions:		
• Purchases	41	75
Amortisation for the period	-231	-240
Net carrying amount at end of year	595	430
Comprising:		
• Gross carrying amounts	20,069	20,144
• Accumulated amortisation	-19,474	-19,714

The intangible assets figures largely comprise the software required to run the Council's computer system. The Council has not been able to revalue this software due to its specialist nature as it has been specifically configured for the Council and is not easily comparable with any other system. However, the life of the system used for amortisation is estimated to be conservative, and the actual life should exceed the estimated life for accounting purposes.

Note 15. Construction Contracts

The Council did not enter into any construction contracts in 2018-19 or 2017-18.

Note 16. Long Term Investment

The Council's long term investment at 31 March 2019 is made up of £1,000 in Integrated Bradford LEP Ltd (31 March 2018 £1,000).

Integrated Bradford LEP Ltd – Company no. 5797774

In December 2006, the Council took a £1,000, (10%) interest in the Local Education Partnership, Integrated Bradford LEP Limited. The company has been set up to deliver the capital investment programme in Bradford secondary schools funded through the government initiative Building Schools for the Future.

Note 17. Long Term Debtors

These represent the value of long term advances granted by the Council. The amount owed by other local authorities at 31 March 2019 of £0.220m is in respect of transferred debt for Probation Service owed by other West Yorkshire authorities.

The balance owing on sale of assets on finance leases of £0.210m represents the principal element of the leases.

31 March 2018		31 March 2019
£000		£000
1	Former Council house tenants	1
239	Other local authorities re joint services	220
532	Car loans	494
262	Building Schools for the Future Ltd	261
513	Loans to organisations	581
4	Housing Advances	4
210	Balance owing on sale of assets on finance lease(s)	210
343	Other	533
2,104	Total	2,304

Note 18. Current Assets and Current Liabilities

31 March 2018	Inventories	31 March 2019
£000		£000
0	Trading services	0
1,766	Other	2,299
1,766	Total	2,299

Short term Debtors and Payments In Advance

General payments in advance have been shown separately since they are of significant value.

31 March 2018	Analysis of Debtors and Payments in Advance	31 March 2019
£000		£000
	Amounts falling due within one year	
12,167	Central Government bodies	15,203
2,890	Other local authorities	2,753
3,635	NHS bodies	10,180
654	Public corporations and trading funds	665
74,754	Other entities and individuals	79,868
6,185	General payments in advance	6,002
100,285	Total	114,671
	Less provision for bad and doubtful debts	
12,622	Collection Fund	14,181
10,315	Other	10,756
77,348	Net Total	89,734

The net debtors have increased from a total of £77.348m at 31 March 2018 to £89.734m at 31 March 2019, an increase of £12.386m. Collection Fund debtors net of impairment within one year old were £16.2m and over one year old were £16.6m.

Short Term Investments

The Council has short term investments of £29.454m; see Balance Sheet (£15.003m 2017-18). This is invested with banks and building societies.

Cash and Cash Equivalents

At any point in time the cash flow of the Council can result in temporary cash balances which are put into short-term investments. At the 31 March 2019, £52.541m was invested in short term deposits, banks and building societies (£51.838m at 31 March 2018).

31 March 2018 £000		31 March 2019 £000
712	Cash held by the Council	565
51,126	Bank accounts	46,976
0	Short term deposits with building societies and banks	5,000
51,838	Total Cash and Cash Equivalents (see Balance Sheet page 20)	52,541
-5,336	Cash and Cash Equivalents Overdrawn (see Balance sheet page 20)	-11,088
46,502	Total net Cash and Cash Equivalents (see Cashflow statement page 21)	41,453

The Council also has short term borrowings of £20.613m (£13.105m 2017-18).

Creditors and Receipts in Advance

31 March 2018 £000	Analysis of Creditors and Receipts in Advance	31 March 2019 £000
	Amounts falling due within one year	
15,668	Central Government bodies	10,619
1,681	Other local authorities	2,019
1,975	NHS bodies	2,335
678	Public corporations and trading funds	830
57,293	Other entities and individuals	62,321
77,295	Total	78,124
	Receipts in advance	
12,156	Sundry	12,080
5,452	Developer's contributions	7,899
17,608	Total	19,979
94,903	Total Creditors and Receipts in Advance	98,103

Note 19. Assets held for sale

Current Assets held for sale	2017-18 £000	2018-19 £000
Balance outstanding at start of year	491	977
Additions	0	0
Assets newly classified as held for sale:		
- Property, Plant and Equipment	1,980	1,616
Revaluation losses	-115	0
Assets declassified:		
- Property, Plant and Equipment	0	0
Assets sold	-1,379	-2,423
Balance outstanding at year end	977	170

Note 20. Provisions

The provisions totals of £29.340m at 31 March 2019 and £22.535m at 31 March 2018 are separated on the Balance Sheet into current and long term provisions. The current provisions are those expecting to be used in the next financial year, £7.308m at 31 March 2019 (£9.167m at 31 March 2018). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £22.032m at 31 March 2019 (£13.368m at 31 March 2018).

	Termination £000	Redundancy Provision £000	Personal Search fees £000	MMI Scheme of Arrangement £000	Outstanding legal cases £000	Injury and Damage Compensation £000	Testing Provision £000	Business Rate Appeals £000	Total £000
Balance at 31 March 2017	5,976	0	93	948	4,200	3,163	200	5,782	20,362
Additional provisions made in 2017-18	6,253	0	0	182	1,364	1,977	0	4,038	13,814
Amounts used in 2017-18	-1,701	0	0	0	-1,493	-816	0	-2,340	-6,350
Unused amounts reversed in 2017- 18	-2,430	0	0	0	-981	-1,680	-200	0	-5,291
Balance at 31 March 2018	8,098	0	93	1,130	3,090	2,644	0	7,480	22,535
Additional provisions made in 2018-19	0	341	0	177	2,443	2,037	0	15,997	20,995
Amounts used in 2018-19	-1,433	0	0	0	-1,355	-855	0	-3,109	-6,752
Unused amounts reversed in 2018- 19	-5,572	0	0	0	-880	-986	0	0	-7,438
Balance at 31 March 2019	1,093	341	93	1,307	3,298	2,840	0	20,368	29,340
Short-Term	748	341	93	0	1,430	1,231	0	3,465	7,308
Long-Term	345	0	0	1,307	1,868	1,609	0	16,903	22,032
Balance at 31 March 2019	1,093	341	93	1,307	3,298	2,840	0	20,368	29,340

Termination (£1.093) – for planned future redundancy costs arising from the detailed saving proposals approved as part of the 2019-20 Budget. This budget was set on a 3 year rolling basis, with the amounts set aside in short term for anticipated redundancies in 2019-20. The amounts in long-term relate to expected redundancies in 2020-21 and 2021-2022.

Redundancy Provision £0.341m – this provision is set aside for past expenditure, which may be determined to fall within the scope of IR35, and which therefore could incur a future liability to HMRC

MMI scheme of arrangement provision £1.307m – these amounts set aside to fund historic liabilities which were insured but are not fully funded by the insurance company.

Property Search fees (£0.093m) – Whilst Personal Search companies have claimed for refunds from the Council, given that the Council's and other authorities charging policies were based on a statutory fee, the Council is reclaiming any repayment from the government in due course.

Insurance provisions (£3.298m and £2.840m) – These provisions bear the risk of day to day losses as an alternative to providing insurance cover through external insurance companies. Losses over £120,000 are externally insured. The main areas provided for are:

31 March 2018 £000	Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)	31 March 2019 £000
5	Property	46
5,272	Other Liability claims	5,808
457	Motor	284
5,734	Total	6,138

Business Rates Appeals (£20.368m) – The provision reflects the estimate of the amount of Business Rates to be repaid to ratepayers, following any future successful appeals against rateable values.

Note 21. Unusable Reserves

2017-18	2018-19
£000	£000
181,029 (a) Revaluation Reserve	183,996
194,448 (b) Capital Adjustment Account	166,960
-5,134 (c) Financial Instruments Adjustment Account	-5,958
-858,087 (d) Pensions reserve	-1,006,971
258 (e) Deferred capital receipts reserve	256
-2,805 (f) Collection Fund Adjustment Account	1,153
-11,630 (g) Accumulated Absences Account	-10,108
-501,921 Total Unusable Reserves	-670,672

a) Revaluation Reserve

The Revaluation Reserve is a store of changes to the measurable value of assets compared to the cost of acquiring them. In 2018-19, the Reserve has increased from £181.029m to £183.996, an increase of £2.967m.

2017-18	2018-19
£000	£000
159,238 Balance at 1 April	181,029
32,219 Upward revaluation of assets	30,358
-7,273 Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	-16,345
0 Impairments not charged to the Surplus or deficit on the Provision of Services	0
24,946 Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	14,013
-3,010 Difference between fair value depreciation and historical cost depreciation	-3,451
-145 Accumulated gains on assets sold or scrapped	-7,595
-3,155 Amount written off to the Capital Adjustment Account	-11,046
181,029 Balance at 31 March	183,996

b) 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.

2017-18 £000	2018-19 £000
209,886 Balance at 1 April	194,448
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :	
-32,269 - Charges for depreciation and impairment of non-current assets	-31,915
-4,939 - Revaluation losses on Property, Plant and Equipment	2,661
-231 - Amortisation of Intangible Assets	-240
-2,137 - Revenue expenditure funded from capital under statute (REFCUS)	-3,182
-32,892 - Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-45,024
3,155 Adjusting amounts written out of the Revaluation Reserve	11,046
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year :	
8,765 - Use of the Capital Receipts Reserve to finance new capital expenditure	4,755
17,683 - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	26,180
11,948 - Application of grants to capital financing from the Capital Grants Unapplied Account	2,018
1,577 - Allocation of grants to capital financing from the Capital Grants Receipts in Advance Account	1,193
0 - Donated assets and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
1,000 - Statutory provision for the financing of capital investment charged against the General Fund	1,000
5,923 - Capital expenditure charged against the General Fund balance	5,047
6,979 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-1,027
194,448 Balance at 31 March	166,960

c) 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.

2017-18 £000	2018-19 £000
-5,528 Balance at 1 April	-5,134
0 Premiums incurred in year	-1,145
375 - Proportion of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	240
19 - Removal of Effective Interest Rate on stepped interest loans	81
394 - Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-824
-5,134 Balance at 31 March	-5,958

d) 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. See Note 30 for full explanation.

2017-18		2018-19
£000		£000
-829,875	Balance at 1 April	-858,087
10,372	Remeasurement of net defined benefit liability	-80,307
	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	-117,069
-86,096	Employer's pensions contributions and direct payments to pensioners payable in the year	48,492
47,512		
-858,087	Balance at 31 March	-1,006,971

e) Deferred Capital Receipts

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.

2017-18		2018-19
£000		£000
261	Balance at 1 April	258
-3	Transfer to the Capital Receipts Reserve upon receipt of cash	-2
258	Balance at 31 March	256

f) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017-18		2018-19
£000		£000
-4,073	Balance at 1 April	-2,805
	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	3,958
1,268		
-2,805	Balance at 31 March	1,153

g) 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, eg 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.

2017-18		2018-19
£000		£000
-13,272	Balance at 1 April	-11,630
13,272	Settlement or cancellation of the accrual made at the end of the preceding year	11,630
-11,630	Amounts accrued at the end of the current year	-10,108
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements.	1,522
1,642		
-11,630	Balance at 31 March	-10,108

Note 22. Cash Flow Statement**a) Operating activities**

The cash flows for operating activities include the following items:

2017-18		2018-19
£000		£000
42,344	Net (surplus) or deficit on the provision of services (see d)	49,139
-141,882	Adjustments to surplus or deficit for non-cash movements (See d)	-174,856
44,485	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	47,816
-395	Interest Received	-501
36,253	Interest paid	34,615
-649	Dividends Received	-567
-19,844	Net cash flows from operating activities	-44,354

b) Investing Activities

The cash flows for investing activities include the following items:

2017-18		2018-19
£000		£000
60,151	Purchase of property, plant and equipment, investment property and intangible assets	65,413
59,400	Purchase of short term and long term investments	77,976
0	Other payments for investing activities	-3,141
-5,097	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-4,755
-39,033	Capital grants	-38,297
-65,400	Proceeds from short term and long term investments	-63,525
10,021	Net cash flows from investing activities	33,671

c) Financing Activities

The cash flows for financing activities include the following items:

2017-18		2018-19
£000		£000
-76,300	Cash receipts of short and long term borrowing	-23,900
-5,836	Other receipts from financing activities	2,932
8,370	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	4,516
86,300	Repayments of short and long term borrowing	32,184
0	Other payments for financing activities	0
12,534	Net cash flows from financing activities	15,732

d) Reconciliation of the Surplus on the Provision of Services (See Comprehensive Income and Expenditure Account) to Operating Activities Net Cash Flow

2017-18	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow		2018-19
£000			£000
42,344	Net deficit / surplus (-) for year on the Comprehensive Income and Expenditure Account (I & E)	A	49,139
	Add back non cash I & E items:		
-30,461	Depreciation & impairment, revaluation gains and losses, market value movements, and amortisation	B	-30,522
0	Aborted cost on prior year capital expenditure	C	
-38,584	IAS19 Pension adjustments	D	-68,577
0	Donated Assets non-cash funding	E	
	Items on accruals basis:		
-144	Decrease (-) / Increase in stocks	F	533
2,310	Decrease (-) / increase in amounts due to Council (debtors)	G	6,676
-6,372	Decrease / increase (-) in amounts due from Council (creditors)	H	887
-32,892	Carrying amount of disposals	I	-45,024
-2,172	Movement provisions	J	-6,804
1,642	Net movement on Employee Benefit accrual	K	1,522
-106,673	Removal of non-cash items included in Deficit/Surplus on Provision of services	L B to K	-141,309
	Removal of interest received and paid already included in Surplus/Deficit so that this can be shown separately:		
-36,253	Interest paid	M	-34,615
395	Interest received	N	501
649	Dividends received	O	567
-35,209	Interest received and paid	P M to O	-33,547
-141,882	Adjustments to surplus or deficit for non-cash movements (Per Cash Flow Statement)	Q P + L	-174,856
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
39,388	Capital Grants credited to surplus or deficit on the provision of services	R	43,061
5,097	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	S	4,755
44,485	Sub-total items for items included in the net surplus or deficit on the provision of services that are investing and financing activities	T R + S	47,816
35,209	Interest and dividends received & paid shown separately (see above)	U P	33,547
-19,844	Operating activities - net cash flow	V A+Q+T+U	-44,354

Note 23. 2018-19 Expenditure Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the Council (ie government grants, rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with the those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The analysis also shows how this expenditure is allocated for decision making purposed between the Council's Services. A more detailed breakdown of the adjustments between funding and accounting basis, called Analysis of Accounting Changes, is shown below:

	Net expenditure for 2018-19 Outturn Statement £000	Reclassification for the CIES £000	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
	a	b	c = a + b	d	e = c + d
Health and Wellbeing	114,919	-659	114,260	-5,293	108,967
Children's Services	58,249	-4,386	53,863	2,638	56,501
Department of Place	112,625	-1,107	111,518	-44,300	67,218
Revenues & Benefits	3,051	260	3,311	-1,019	2,292
Chief Executive	4,046	2	4,048	-319	3,729
Corporate Resources (Excluding Revenues and Benefits)	45,013	5,133	50,146	-8,740	41,406
Non Service Budgets	-4,819	36,203	31,384	-24,479	6,905
Central Budget & Net Transfers to Reserves	23,333	-2,349	20,984	-4	20,980
Net Cost of Services	356,417	33,097	389,514	-81,516	307,998
Other Operating Expenditure	0	42,284	42,284	-40,312	1,972
Financing and Investment income and expenditure	0	55,862	55,862	-22,668	33,194
Taxation and non-specific grant income	-356,417	-82,103	-438,520	47,019	-391,501
Earmarked Reserves	0	0	0	32,192	32,192
Increase in School Delegated Balances	0	0	0	6,726	6,726
Statutory Provision for the financing of capital investment	0	0	0	1,000	1,000
Capital Expenditure charged against the General Fund	0	0	0	5,047	5,047
Financial Instruments Adjustment Account	0	0	0	-824	-824
Surplus (-)/Deficit on Provision of Services	0	49,139	49,139	-53,336	-4,197
General Fund Balance brought forward					-10,803
General Fund Balance carried forward					-15,000

Included within Net Expenditure in the Comprehensive Income and Expenditure Account is £441m payments to employees, £31.9m depreciation (see Note 4) and £0.24m amortisation (see Note 4).

2017-18 Expenditure Funding Analysis

The Expenditure and Funding Analysis for 31 March 2018 is as follows:

	Net expenditure for 2017-18 Outturn Statement £000	Reclassification for the CIES £000	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
	a	b	c = a + b	d	e = c + d
Health and Wellbeing	126,331	-3,224	123,107	-4,477	118,630
Children's Services	85,387	-4,143	81,244	-19,349	61,895
Department of Place	102,028	-980	101,048	-32,163	68,885
Revenues & Benefits	3,830	271	4,101	0	4,101
Chief Executive	4,151	-17	4,134	-328	3,806
Corporate Resources (Excluding Revenues and Benefits)	33,964	12,352	46,316	-2,115	44,201
Non Service Budgets	-7,921	12,703	4,782	3,403	8,185
Central Budget & Net Transfers to Reserves	27,294	-6,292	21,002	0	21,002
Net Cost of Services	375,064	10,670	385,734	-55,029	330,705
Other Operating Expenditure	0	29,780	29,780	-28,068	1,712
Financing and Investment income and expenditure	0	47,830	47,830	-19,884	27,946
Taxation and non-specific grant income	-375,064	-45,936	-421,000	40,655	-380,345
Earmarked Reserves	0	0	0	17,332	17,332
Reduction in School Delegated Balances	0	0	0	-4,667	-4,667
Statutory Provision for the financing of capital investment	0	0	0	1,000	1,000
Capital Expenditure charged against the General Fund	0	0	0	5,923	5,923
Financial Instruments Adjustment Account	0	0	0	394	394
Surplus (-)/Deficit on Provision of Services	0	42,344	42,344	-42,344	0
General Fund Balance brought forward					-10,803
General Fund Balance carried forward					-10,803

2018-19 Analysis of Accounting Adjustments

	Earmarked Reserves	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other differences (Employee Accrual)	Other differences (Collection Fund & Financial Instruments)	Total adjustments
	£000	£000	£000	£000	£000	£000
Health and Wellbeing	0	1,685	3,604	4	0	5,293
Childrens Services	0	-7,759	6,677	-1,556	0	-2,638
Department of Place Revenues & Benefits	0	37,640	6,635	25	0	44,300
Chief Executive	0	34	982	3	0	1,019
Corporate Resources (Excluding Revenues and Benefits)	0	0	323	-4	0	319
Non Service	0	4,546	4,197	-3	0	8,740
Central Budget & Net Transfers to Reserves	0	0	24,474	5	0	24,479
	0	0	0	4	0	4
Net Cost of Services	0	36,146	46,892	-1,522	0	81,516
Other Operating Expenditure	0	40,312	0	0	0	40,312
Financing and Investment income and expenditure	0	984	21,684	0	0	22,668
Taxation and non-specific grant income	0	-43,061	0	0	-3,958	-47,019
Earmarked Reserves Reduction in School	-32,192	0	0	0	0	-32,192
Delegated Balances	-6,726	0	0	0	0	-6,726
Minimum Revenue Provision	0	-1,000	0	0	0	-1,000
Direct Revenue Financing	0	-5,047	0	0	0	-5,047
Financial Instrument Adjustment Account	0	0	0	0	824	824
Total Adjustments between accounting basis & funding basis under regulations	-38,918	28,334	68,576	-1,522	-3,134	53,336

2017-18 Analysis of Accounting Adjustments

	Earmarked Reserves	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other differences (Employee Accrual)	Other differences (Collection Fund & Financial Instruments)	Total adjustments
	£000	£000	£000	£000	£000	£000
Health and Wellbeing	0	1,112	3,399	-34	0	4,477
Childrens Services	0	13,842	6,844	-1,337	0	19,349
Department of Place Revenues & Benefits	0	26,016	6,276	-129	0	32,163
Chief Executive	0	0	0	0	0	0
Corporate Resources	0	0	351	-23	0	328
(Excluding Revenues and Benefits)	0	-2,726	4,968	-127	0	2,115
Non Service	0	0	-3,410	7	0	-3,403
Central Budget & Net Transfers to Reserves	0	0	0	0	0	0
Net Cost of Services	0	38,244	18,428	-1,643	0	55,029
Other Operating Expenditure	0	28,068	0	0	0	28,068
Financing and Investment income and expenditure	0	-273	20,157	0	0	19,884
Taxation and non-specific grant income	0	-39,387	0	0	-1,268	-40,655
Earmarked Reserves	-17,332	0	0	0	0	-17,332
Reduction in School Delegated Balances	4,667	0	0	0	0	4,667
Minimum Revenue Provision	0	-1,000	0	0	0	-1,000
Direct Revenue Financing	0	-5,923	0	0	0	-5,923
Financial Instrument Adjustment Account	0	0	0	0	-394	-394
Total Adjustments between accounting basis & funding basis under regulations	-12,665	19,729	38,585	-1,643	-1,662	42,344

Note 24. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2017-18 or 2018-19.

Note 25. Trading Services

Trading services are mainly activities of a commercial nature, which are financed substantially by charges made to recipients of the service. The tables below show the financial performance of trading services in 2017-18 and 2018-19:

Trading Services Surplus (-) / Deficit		
2017-18 Surplus (-) /Deficit £000	2018-19 Turnover £000	2018-19 Surplus (-) /Deficit £000
396 School & welfare catering	-16,902	408
156 Other catering	-307	109
1,363 Building cleaning	-436	1,348
1,915 Total	-17,645	1,865

Trading Services Included in Net Cost of Services		
2017-18 Surplus (-) /Deficit £000	2018-19 Turnover £000	2018-19 Surplus (-) /Deficit £000
-1,746 Markets	-2,484	-516
-4,378 Car parks	-5,560	-4,431
-182 Trade refuse	-2,976	-106
-6,306 Total	-11,020	-5,053

The services have been shown in the Comprehensive Income and Expenditure Statement. Those in the first table have been included in Financing & Investment Income and Expenditure (see note 8b). Traded Services in the second table have been included in the net cost of services, in the Comprehensive Income and Expenditure Statement.

Note 26. Revenue from Contracts with Service Recipients

The Council provides payroll services to a number of external organisations, including Academy Schools and Colleges of Further Education. The payroll records for the external organisations do not form part of the Council's financial statements. However, the costs of administering this service and the income received from the external organisations in return for the service are included in the Council's financial statements. In 2018-19, the Council received £0.580m income (£0.580m in 2017-18) from external organisations.

The Council also provides accountancy support to a number of external Trusts, which is provided free of charge.

Note 27. Road Charging Schemes

The Council did not undertake or operate any road charging schemes in 2018-19 or 2017-18.

Note 28. Pooled Budgets Arrangements Under Section 31 of the Health Act 1999, and Section 75 of the Health Act 2006**Better Care Fund**

	2017-18	2018-19
	£000	£000
Funding provided		
Bradford & Airedale Community Equipment	1,433	1,460
Care Bill Implementation support	1,390	1,417
Protect Social Services	14,935	15,218
Reablement	1,529	1,558
Carers	942	959
Capital Funding	3,858	4,196
Total LA Better Care Fund	24,087	24,808
CCG's Better Care Fund	14,962	15,246
iBCF	12,046	16,435
Total Better Care Fund funding	51,095	56,489
Total expenditure	51,095	56,489

The Better Care Fund (BCF) is a programme spanning both the NHS and local government. It has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with "wraparound" fully integrated health and social care, resulting in an improved experience and better quality of life.

The BCF agreement has been set up under Section 75 of the NHS Act 2006. The total BCF and iBCF in 2018-19 was £56.489m. It is a pooled budget with Bradford City CCG, Bradford Districts CCG and part of Airedale, Wharfedale and Craven CCG.

Whilst the section 75 agreement between the three clinical commissioning groups and Bradford Metropolitan District Council does constitute a 'joint operation' under IFRS 11, the substance of the commissioning transactions related to the Fund's spending plans indicate that neither the clinical commissioning groups nor Bradford Metropolitan District Council are either a joint operator or lead commissioner, but are acting as single entities, with the exception of the Community Equipment Scheme. Therefore, each organisation accounts for its own transactions without recognising its interest in its share of total assets, liabilities, revenue and expenditure that relate to the whole Fund.

For the Community Equipment scheme where there is a joint operation. The clinical commissioning group's share of assets and liabilities relating to the Community Equipment scheme are not recognised in the Accounts as the values are not considered to be material.

Note 29. Termination Benefits

In 2018-19 the Council incurred voluntary and compulsory redundancy costs of £1.568m (£0.426m in 2017-18) together with £1.888m (£1.179m in 2017-18) for early retirement pension costs. The costs relate to the Council's plans to reduce its expenditure to help to offset the impact of significant Government grant reductions.

Note 30. Pension Schemes Accounted For As Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). 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 a multi-employer defined benefit scheme. The scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme had 10,177 participating employers in 2018-19, including 174 local authorities, and, consequently, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total expected contributions into the Teachers' Pension Scheme during the year ending 31 March 2019, the Council's own contributions equate to approximately 0.23%.

In 2018-19, the Council paid £14.472m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The figures for 2017-18 were £15.650m and 16.48%. There were contributions remaining payable at the year-end of £1.157m. The contributions due to be paid in the next financial year are estimated to be £18.160m.

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 31.

The Council is not liable to the scheme for any other entities' obligations under the plan.

A number of Council employees are also members of the NHS Pension Scheme, administered by NHS Pensions on behalf of the Department of Health and Social Care (DoHSC). The Scheme provides the relevant employees 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 a multi-employer defined benefit scheme. The scheme is unfunded and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme had 8,674 participating employers as at 31 March 2018, including 155 local authorities, and, consequently, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total expected contributions into the NHS Pension Scheme during the year ending 31 March 2019, the Council's own contributions equate to approximately 0.001%.

In 2018-19, the Council paid £0.154m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay. The figures for 2017-18 were £0.173m and 14.38%. There were contributions remaining payable at the year-end of £0.012m. The contributions due to be paid in the next financial year are estimated to be £0.148m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the NHS Pension Scheme. These costs are accounted for on a defined benefit basis and detailed in Note 31.

The Council is not liable to the scheme for any other entities obligations under the plan.

Note 31. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- b) The Local Government Pension Scheme, administered through a number of separate regional funds. The Council is a member of the West Yorkshire Pension Fund – this is a funded career average defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 2016 for the three years 1 April 2017 to 31 March 2020. The contribution rates set by the actuary are intended to balance the fund's liabilities with the investment assets over the period. The employer contribution rate for the year 2018-19 in respect of Bradford members of the West Yorkshire Pension Fund was 17.5%.
- c) Arrangements for the award of discretionary post retirement benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The West Yorkshire Pension Fund pension scheme is operated under the regulatory framework for the Local Government Pension Scheme. City of Bradford Metropolitan District Council, as administering authority for West Yorkshire Pension Fund (WYPF) with statutory responsibility for the management and administration of the Fund, has delegated legal and strategic responsibility for the WYPF to the Governance and Audit Committee. The Council has established three bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the WYPF Pension Board, WYPF Investment Advisory Panel and the WYPF Joint Advisory Group. Policy is determined in accordance with the Pensions Fund Regulations. The Fund's entire investment portfolio is managed on a day to day basis in-house, supported by the Fund's external advisers.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute, as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax (i.e. the statutory amount charged against the General Fund balance) is based on the cash payable in the year (i.e. the total contribution paid by the Council under the pension regulations), 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		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
• Current service cost*	64,933	66,101	0	0	0	0	64,933	66,101
• Past service costs	1,006	29,284	0	0	0	0	1,006	29,284
• Gain (-) / loss from settlements	0	0	0	0	0	0	0	0
Financing and Investment Income and Expenditure								
• Net interest expense	16,836	18,348	1,203	1,205	2,118	2,131	20,157	21,684
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	82,775	113,733	1,203	1,205	2,118	2,131	86,096	117,069
Other Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement								
Re-measurement of the net defined benefit liability comprising:								
• Return on plan assets (excluding the amount included in the net interest expense)	-19,158	-81,944	0	0	0	0	-19,158	-81,944
• Actuarial gains (-) and losses arising on changes in demographic assumptions	0	0	0	0	0	0	0	0
• Actuarial gains (-) and losses arising on changes in financial assumptions	-2,450	153,885	2	1,258	4	2,255	-2,444	157,398
• Actuarial gains (-) and losses due to liability experience	9,941	4,479	466	135	823	239	11,230	4,853
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	71,108	190,153	1,671	2,598	2,945	4,625	75,724	197,376
Movement in Reserves Statement								
• Reversal of net charges made to the Surplus or Deficit for the Provision of Service for post-employment retirement benefits in accordance with the Code	-82,775	-113,733	-1,203	-1,205	-2,118	-2,131	-86,096	-117,069
Actual amount charged against the General Fund balance for pensions in the year:								
• Employers' contributions payable to the scheme	38,402	39,346	0	0	0	0	38,402	39,346
• Retirement benefits payable to pensioners	0	0	3,458	3,419	5,652	5,727	9,110	9,146

* The current service cost includes an allowance for the administration expenses of £0.872m in 2018-19 (£0.519m in 2017-18).

Pensions Assets and Liabilities Recognised 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:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total Per Balance sheet	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
	£000	£000	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	2,774,246	3,015,410	48,035	47,215	84,813	83,711	2,907,094	3,146,335
Fair value of plan assets	2,049,007	2,139,364	0	0	0	0	2,049,007	2,139,364
Impact of Minimum Funding Requirement / Asset Ceiling	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation - Closing balance at 31 March	725,239	876,045	48,035	47,215	84,813	83,711	858,087	1,006,971

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	2,010,034	2,049,007	0	0	0	0	2,010,034	2,049,007
Interest income on assets	49,884	52,789	0	0	0	0	49,884	52,789
Re-measurement gains and losses (-) on assets	19,158	81,944	0	0	0	0	19,158	81,944
Contributions from employer	38,402	39,346	3,458	3,418	5,652	5,727	47,512	48,491
Contributions from employees into the scheme	13,978	13,545	0	0	0	0	13,978	13,545
Benefits paid*	-79,321	-85,515	-3,458	-3,418	-5,652	-5,727	-88,431	-94,660
Net increase in assets from disposals/acquisitions	-3,128	-11,752	0	0	0	0	-3,128	-11,752
Settlements	0	0	0	0	0	0	0	0
Closing balance at 31 March	2,049,007	2,139,364	0	0	0	0	2,049,007	2,139,364

* consists of net benefits cash-flow out of the Fund in respect of the employer, including an approximate allowance for the expected cost of death in service lump sums and Fund administration expenses.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Local Government Pension Scheme Discretionary Benefits		Unfunded Liabilities: Teachers Voluntary Early Retirement Discretionary Benefits		Total	
	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £000
Opening balance at 1 April	2,702,567	2,774,246	49,822	48,035	87,520	84,813	2,839,909	2,907,094
Current service cost	64,933	66,101	0	0	0	0	64,933	66,101
Interest cost	66,720	71,137	1,203	1,205	2,118	2,131	70,041	74,473
Contributions from scheme participants	13,978	13,545	0	0	0	0	13,978	13,545
Re-measurement gains (-) and losses:								
Actuarial gains (-) and losses arising from changes in demographic assumptions	0	0	0	0	0	0	0	0
Actuarial gains (-) and losses arising from changes in financial assumptions	-2,450	153,885	2	-1,258	4	2,255	-2,444	157,398
Actuarial gains (-) and losses due to liability experience	9,941	4,479	466	135	823	239	11,230	4,853
Past service costs	1,006	29,284	0	0	0	0	1,006	29,284
Benefits paid	-79,321	-85,515	-3,458	-3,418	-5,652	-5,727	-88,431	-94,660
Net increase in liabilities from disposals/acquisitions	-3,128	-11,752	0	0	0	0	-3,128	-11,752
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0
Closing balance at 31 March	2,774,246	3,015,410	48,035	47,215	84,813	83,711	2,907,094	3,146,336

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	37%
Deferred Pensioners	15%
Pensioners	48%

Local Government Pension Scheme Assets

Assets in the West Yorkshire Pension Fund are valued at fair value (principally, market value for investments). The following table shows the value of each category of asset and expresses it as a percentage of the total value.

The Discretionary Benefits arrangements have 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:

Asset Category	31 March 2018	31 March 2018	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019
	£000	%	£000	%	£000	%	£000	%	£000
	Total	Total	Quoted	Quoted	Unquoted	Unquoted	Total	Total	Total
Equity investments	1,583,883	77.3	1,337,104	62.5	246,027	11.5	1,583,130	74.0	1,583,130
Government bonds	192,607	9.4	239,609	11.2	0	0.0	239,609	11.2	239,609
Other bonds	75,813	3.7	85,575	4.0	0	0.0	85,575	4.0	85,575
Cash	36,882	1.8	0	0.0	49,205	2.3	49,205	2.3	49,205
Property	92,205	4.5	4,279	0.2	96,271	4.5	100,550	4.7	100,550
Other assets	67,617	3.3	0	0.0	81,296	3.8	81,296	3.8	81,296
Total	2,049,007	100.0	1,666,567	77.9	472,799	22.1	2,139,364	100.0	2,139,364

For a disaggregation of the fair value of the plan assets into classes that distinguish the nature and risks of those assets, please refer to:

- the West Yorkshire Pension Fund Financial Statements and Explanatory Notes in City of Bradford Metropolitan District Council's accounts, available at www.bradford.gov.uk
- the West Yorkshire Pension Fund Report and Accounts, available at www.wywf.org.uk

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, with estimates for the West Yorkshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2018. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits		Teachers Voluntary Early Retirement Discretionary Benefits	
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019
Mortality Assumptions	years	years	years	years	years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):						
Men	22.1	22.2	22.1	22.2	22.1	22.2
Women	25.3	25.4	25.3	25.4	25.3	25.4
Longevity at 65 for future pensioners (aged 45 at accounting date):						
Men	23.1	23.2	-	-	-	-
Women	27.1	27.2	-	-	-	-
Commutation i.e. take-up of option to convert annual pension into retirement lump sum	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.				
Financial assumptions	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Rate of RPI inflation	3.2	3.3	3.2	3.3	3.2	3.3
Rate of CPI Inflation	2.1	2.2	2.1	2.2	2.1	2.2
Rate of increase in salaries	3.35	3.45	-	-	-	-
Rate of increase in pensions	2.1	2.2	2.1	2.2	2.1	2.2
Discount rate	2.6	2.4	2.6	2.4	2.6	2.4

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in mortality/longevity, for example, assume that post-retirement mortality age rating 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. Sensitivity analysis of unfunded benefits has not been included on materiality grounds.

Impact on the Defined Benefit Obligation in the Scheme

	Present Value of the Defined Benefit Obligation After Increase in Assumption £000	Change in Present Value of Defined Benefit Obligation %	Present Value of Defined Obligation Benefit After Decrease in Assumption £000	Change in Present Value of Defined Benefit Obligation %
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	2,921,100	-3.1	3,110,554	3.2
Rate of increase in salaries - increase or decrease by 0.1%	3,026,369	0.4	3,004,552	-0.4
Rate of increase in pensions - increase or decrease by 0.1%	3,058,484	1.4	2,973,002	-1.4
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,962,237	-1.8	3,069,538	1.8

* an increase by 1 year means that members are assumed to follow the mortality pattern for an individual that is 1 year older than them.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 22 years from 1 April 2014. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2020 are £39.187m.

The total contributions expected to be made for the Local Government Pension Scheme Discretionary Benefits scheme and the Teachers Voluntary Early Retirement Discretionary Benefits scheme in the year to 31 March 2020 are £3.500m and £5.864m, respectively.

The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 17.8 years at 31 March 2019 (17.8 years at 31 March 2018).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 9.6 years at 31 March 2019 (9.6 years at 31 March 2018) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 10.0 years at 31 March 2019 (10.0 years at 31 March 2018).

Note 32. Members' Allowances

- The total cost to the Council in respect of Members' allowances in 2018-19 was £1,919,772 and £11,173 expenses (£1,942,671 and £14,726 expenses in 2017-18). Excluding Employers National Insurance contributions directly paid over to Central Government, the cost of Members Allowances in 2018-19 was £1,779,552 and £11,173 expenses (£1,794,546 and £14,726 expenses in 2017-18)

Note 33. Employees' Remuneration

Authorities are required to disclose information on employees' remuneration in excess of £50,000 per annum. Remuneration is defined in the regulations as:

- All amounts paid to or receivable by an employee
- Expense allowances chargeable to tax
- The estimated money value of any other benefits received by an employee otherwise than in cash

Number of Employees 2017-18	Employees Emoluments	Number of Employees 2018-19
104	£50,000 - £54,999	117
60	£55,000 - £59,999	49
52	£60,000 - £64,999	65
40	£65,000 - £69,999	33
28	£70,000 - £74,999	24
14	£75,000 - £79,999	14
11	£80,000 - £84,999	8
9	£85,000 - £89,999	6
7	£90,000 - £94,999	10
1	£95,000 - £99,999	3
2	£100,000 - £104,999	2
2	£105,000 - £109,999	2
1	£110,000 - £114,999	1
0	£115,000 - £119,999	0
1	£120,000 - £124,999	0
1	£125,000 - £129,999	2
333	Total	336

The above figures include 192 teachers (208 in 2017-18).

The above table includes compensation payments for loss of employment

Senior Officers Remuneration

The following tables set out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year.

A Senior Officer is defined as an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- The designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- The head of staff for a relevant body which does not have a designated head of paid service; or
- Any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

2018-19 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)								
Post Title		Salary including fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	Note	£	£	£	£	£	£	£
Strategic Director – Corporate Resources	A							
	C	90,194	0	0	0	90,194	15,784	105,978
Strategic Director Health and Wellbeing		138,074	0	0	0	138,074	24,163	162,237
Strategic Director - Place		138,074	0	0	0	138,074	24,163	162,237
Director of Human Resources	E	50,141	0	0	0	50,141	8,775	58,916
City Solicitor	F	65,913	0	0	0	65,913	11,690	77,603
Director of Public Health	G	63,411	0	0	0	63,411	9,079	72,490
Director of Finance	H	67,990	0	0	0	67,990	11,989	79,979
Assistant Director – Office of the Chief Executive	K	62,079	0	0	0	62,079	10,864	72,943
Director of West Yorkshire Pension Fund		100,281	0	0	0	100,281	17,549	117,830
Interim Strategic Director Corporate Resources (Monitoring Officer)	F	45,075	0	0	0	45,075	7,747	52,822
Interim City Solicitor	I	53,193	0	0	0	53,193	0	53,193
Assistant Director Finance & Procurement (Chief Financial Officer)	H	28,270	0	0	0	28,270	4,892	33,162
Interim Director of Human Resources	E	47,354	0	0	0	47,354	9,459	56,813
Interim Director of Public Health	G	29,953	0	0	0	29,953	4,346	34,299
Interim Strategic Director – Children's Services	D	61,750	0	0	0	61,750	0	61,750

2017-18 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)								
Post Title		Salary including fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	Note	£	£	£	£	£	£	£
Strategic Director – Corporate Services		113,403	0	0	0	113,403	19,846	133,249
Strategic Director – Children's Services		139,223	0	0	0	139,223	24,364	163,587
Strategic Director Health and Wellbeing		134,083	0	0	0	134,083	23,464	157,547
Strategic Director - Place		133,755	0	0	0	133,755	23,407	157,162
Director of Human Resources		81,929	0	0	0	81,929	14,338	96,267
City Solicitor	F	78,127	0	0	0	78,127	13,672	91,799
Director of Public Health		103,287	0	24,029	0	127,316	14,853	142,169
Assistant Director – Office of the Chief Executive		85,933	0	0	0	85,933	15,038	100,971

Director of West Yorkshire Pension Fund		98,315	0	0	0	98,315	17,205	115,520
Interim Strategic Director Corporate Resources (Monitoring Officer)	F	22,441	0	0	0	22,441	3,927	26,368
Interim City Solicitor	I	28,707	0	0	0	28,707	0	28,707
Assistant Director Finance & Procurement (Chief Financial Officer)	J	16,092	0	0	0	16,092	2,816	18,908
Interim Director of Human Resources	E	18,666	0	0	0	18,666	3,267	21,933
Interim Director of Public Health	G	8,635	0	0	0	8,635	1,235	9,870

Senior Officers' Remuneration

The following tables set out the remuneration disclosures for Senior Officers whose salary is more than £150,000

2018-19 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)								
Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	A	£	£	£	£	£	£	£
Chief Executive - Kersten England		185,705	0	0	0	185,705	32,498	218,203
Strategic Director Children's Services - Michael Jarhson	D	141,676	0	35,502	0	177,178	22,780	199,958

2017-18 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)								
Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	A	£	£	£	£	£	£	£
Chief Executive - Kersten England		182,064	0	0	0	182,064	31,861	213,925

Notes:

- A. Contracted annualised salary excludes honorariums, extra duty payments and transport allowances, as well as expense allowances and employer pension contributions. They also show the cost for a full financial year, regardless of how long the postholder was in post. The annualised salary also shows the salary grade at the end of the financial year, even though an increment may have been received part way through the year. The contracted annualised salaries of the Senior Officers posts are as follows:

Annualised Salary for 2018-19

Chief Executive – Kersten England - £185,705
 Strategic Director – Corporate Services - £138,074
 Strategic Director Children's Services – £142,007
 Strategic Director – Health and Wellbeing - £138,074
 Strategic Director – Place - £138,074
 Director of Human Resources – £100,281
 City Solicitor - £98,422
 Director of Public Health – £94,709

Director of Finance - £96,566
 Assistant Director of the Office of the Chief Executive £83,567
 Director West Yorkshire Pension Fund – £100,281
 Interim Strategic Director – Corporate Resources - £135,454
 Interim City Solicitor* - £144,703
 Assistant Director Finance & Procurement (Chief Financial Officer) – £95,990
 Interim Director of Human Resources – £94,709
 Interim Director of Public Health - £94,000
 Interim Strategic Director Children's Services** - £205,200

*The Interim City Solicitor was in post from 29 January 2018 until 3rd August 2018. The annualised salary has been calculated based on the hourly agency rate for the Interim City Solicitor.

** The Interim Strategic Director Children's Services was in post from 19th November 2018. The annualised salary has been based on the daily rates for the Interim Strategic Director Children's Services.

Annualised Salary for 2017-18

Chief Executive – Kersten England - £182,064
 Strategic Director – Corporate Services - £134,083
 Strategic Director Children's Services – £139,223
 Strategic Director – Health and Wellbeing - £134,083
 Strategic Director – Place - £134,083
 Director of Human Resources – £98,315
 City Solicitor - £94,673
 Director of Public Health – £99,910
 Assistant Director of the Office of the Chief Executive £86,297
 Director West Yorkshire Pension Fund – £98,315
 Interim Strategic Director Corporate Resources (Monitoring Officer) – £132,798
 Interim City Solicitor* – £144,703
 Assistant Director Finance & Procurement (Chief Financial Officer) – £92,102
 Interim Director of Human Resources – £92,852
 Interim Director of Public Health - £94,000

*The Interim City Solicitor was in post from 29 January 2018. The annualised salary has been calculated based on the hourly agency rate for the Interim City Solicitor.

B The following amounts were paid in 2018-19 for election duties and are not included in salaries.

2018-19 Senior Officers Election Duty Remuneration				
Post Title and Holder	Salary including Fees & Allowances	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	£	£	£	£
Chief Executive - Kersten England	0	0	0	0
City Solicitor	0	0	0	0

2017-18 Senior Officers Election Duty Remuneration				
Post Title and Holder	Salary including Fees & Allowances	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	£	£	£	£
Chief Executive - Kersten England	12,395	12,395	2,169	14,564
City Solicitor	3,680	3,680	644	4,324

C The Strategic Director – Corporate Resources was in post from 6th August 2018.

D The Strategic Director - Children's Services was in post until the 28th February 2019, a payment was also made for untaken annual leave (£11,502) which is included within salary fees. The Interim Strategic Director Children's Services was in post from 19th November 2018. The Interim Strategic Director Children's Services is compliant with the HMRC requirement of IR35.

E The Director of Human Resources was in post from 1st October 2018. The Interim Director of Human Resources was in post from the 19th January 2018 until the 30th September 2018.

- F The City Solicitor was the Interim Strategic Director – Corporate Resources from 29th January 2018 until 3rd August 2018, returning to the post of City Solicitor on the 4th August 2018.
- G The Interim Director of Public Health was in post from 27th February 2018 and was appointed to the post of Director of Public Health on the 1st August 2018.
- H The Assistant Director Finance and Procurement (Chief Financial Officer) post was replaced with the Director of Finance Post from 18th July 2018.
- I The Assistant City Solicitor became the Interim City Solicitor on the 29th January 2018 and was in this post until 3rd August 2018. The Interim City Solicitor is employed by an agency and the costs shown are those invoiced by the agency which complies with the HMRC requirement of IR35.
- J The Assistant Director Finance & Procurement took on the additional role of Chief Financial Officer on the 29th January 2018.
- K The Assistant Director - Office of the Chief Executive was vacant from the 28th May 2018 until 3rd September 2018.

Exit Packages

The total cost to the Council of exit packages includes compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

The exit packages are classified into compulsory redundancies and other departures.

Compulsory Redundancies				
Number of Exit Packages 2017-18	Cost to Council 2017-18	Cost Bandings	Number of Exit Packages 2018-19	Cost to Council 2018-19
	£			£
57	307,697	£0 - £19,999	23	141,883
6	179,384	£20,000 - £39,999	2	50,906
1	47,897	£40,000 - £59,999	0	0
2	132,901	£60,000 - £79,999	1	60,525
0	0	£80,000 - £99,999	1	89,169
1	119,302	£100,000 - £149,999	0	0
0	0	£150,000 - £199,999	0	0
0	0	£200,000 - £249,999	0	0
67	787,180	Total	27	342,483

Other Departures				
Number of Exit Packages 2017-18	Cost to Council 2017-18	Cost Bandings	Number of Exit Packages 2018-19	Cost to Council 2018-19
	£			£
55	298,350	£0 - £19,999	112	843,946
10	251,419	£20,000 - £39,999	20	539,309
1	42,473	£40,000 - £59,999	8	403,665
2	141,744	£60,000 - £79,999	5	356,237
3	280,297	£80,000 - £99,999	3	263,655
1	135,861	£100,000 - £149,999	1	100,430
0	0	£150,000 - £199,999	0	0
0	0	£200,000 - £249,999	0	0
72	1,150,142	Total	149	2,507,242

Note 34. Capital Charges and the Repayment of External Loans

Services have been charged or credited within the Comprehensive Income and Expenditure Statement for:

- The depreciation and impairment of non-current assets.
- Expenditure on Revenue Expenditure Funded from Capital under Statute (REFCUS).

These charges are not required by statute and have therefore been removed when calculating the Movement on the General Fund Balance.

The MRP for 2018-19 is £1m, comprising a 2018-19 charge of £24.663m, less an estimated overprovision of £23.663m (2017-18 £1m).

These changes are reflected in a transfer to or from the Capital Adjustment Account and are included in the Movement in Reserves Statement.

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure of £5.047m in 2018-19 (£5.923m in 2017-18) is not shown in the Comprehensive Income and Expenditure Account but is charged to the General Fund and shown in the Movement in Reserves Statement.

Profit or Loss on the Disposal of Assets and Investments

Profits or losses arising on the disposal of assets are charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The loss on disposal of £40.270m in 2018-19 is made up of £45.024m from the de-recognition of assets and £4.754m in capital receipts. There was a loss on disposal in 2018-19 largely because of schools

that were de-recognised from assets when they converted to Academies. The Council does not receive capital receipts when schools convert to academies.

Although generally accepted accounting practice requires any profit or loss to be charged to the Comprehensive Income and Expenditure Statement, there is no statutory duty on local authorities to make such a charge. The charge is therefore removed when calculating the movements on the General Fund balance for the year.

Note 35. Leases

Council as Lessee

Finance Leases

The Council has a number of assets which have been acquired under finance leases. These include Industrial Units, IT equipment and photocopiers.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2018 Finance Leases as Lessee	31 March 2019
£000	£000
48 Other land and Buildings	24
422 Vehicles, Plant, Furniture and Equipment	631
470 Total	655

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2018 Finance Lease liabilities (net present value of minimum lease payments)	31 March 2019
£000	£000
156 Current	187
300 Non-current	350
35 Finance costs payable in future years	32
491 Total Minimum Lease Payments	569

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2018	31 March 2019	31 March 2018	31 March 2019
	£000	£000	£000	£000
Not later than one year	178	204	156	187
Later than one year and not later than five years	313	365	300	350
Later than five years	0	0	0	0
	491	569	456	537

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The Council has sub-let some of the Industrial Units held under the finance lease. As at the 31 March 2019 the forecast rental income for 2019-20 is £12,000.

No investment property held under operating leases have been classified as finance leases. However, should the economic reality be equivalent to the sale of investment property, these would be treated as finance leases.

Operating Leases

The Council has entered into a number of operating leases for buildings, vehicles, photocopiers and office equipment. The amount charged under these arrangements in the Comprehensive Income and Expenditure Statement during 2018-19 was £1.2m (£1.5m 2017-18).

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

31 March 2018	31 March 2019
£000	£000
906 Not later than one year	922
1,893 Later than one year and not later than five years	1,863
2,307 Later than five years	2,353
5,106 Total	5,138

Council as Lessor**Finance Leases**

The Council has leased out one property for 125 years. The Academy school buildings that are on a 125 year lease are also treated as a finance lease.

The Council has gross investments in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long term debtor for the interest in the properties acquired by the lessees and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2018 £000	Finance lease debtor (net present value of minimum lease payments)	31 March 2019 £000
0	Current	0
210	Non-current	210
2,573	Unearned finance income	2,546
2,783	Gross Investment in the Lease	2,756

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Not later than one year	26	26	26	26
Later than one year and not later than five years	105	105	105	105
Later than five years	2,652	2,625	2,652	2,625
	2,783	2,756	2,783	2,756

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The gross investment in the leases is assumed to be the same as the minimum lease payments because no residual value has been assumed for the leases at their end date.

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.
- one academy schools that are on short-term six year leases.

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

31 March 2018 £000		31 March 2019 £000
3,592	Not later than one year	3,555
9,032	Later than one year and not later than five years	8,157
69,517	Later than five years	64,295
82,141	Total	76,007

The minimum lease payments receivable do not include rents that are contingent on events after the lease was entered into, such as income based on a percentage of income receipts. In 2018-19 £0.494m contingent rents were receivable by the Council (2017-18 £0.459m).

Note 36. Private Finance Initiative (PFI)**BSF Phase 1 – Provision of three schools**

The Council has a 25 year PFI contract for the building and maintenance of three schools under the Building Schools for the Future Phase 1 programme. The contract commenced in August 2008 and expires in August 2033. The Council has rights under the contract to specify the activities undertaken at each school, and the contract specific minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct and maintain the schools to a minimum acceptable condition and to procure and maintain the necessary plant and equipment needed to keep the schools operational. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council would have to pay the contractor substantial compensation if it terminated the contract early without due cause.

2017-18 £000	BSF Private Financing Initiative	2018-19 £000
	Charges to Net Cost of Services	
4,796	Unitary Payments to the Contractor for services provided	5,323
4,796	Total charges to the revenue account	5,323
6,253	Net Operating Expenditure	
	Interest element of finance lease payments	5,834
	Movement in Reserves Statement	
2,343	Capital element of finance lease	2,502
13,392	Total PFI charges	13,659
	Financed By	
9,005	Government PFI Revenue Grant	9,005
4,822	Education	4,860
0	Council and Schools contribution	0
13,827	Total Financing	13,865
435	Transfer to BSF PFI Reserve	206

The assets used to provide services at the schools are recognised on the Council's Balance Sheet, as regards one Community School. The other school assets are de-recognised because they are Academies. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 9.

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2019 are as follows:

Year	Unitary Charge £000	Principal £000	Interest £000	Service charge and life cycle costs £000
Within 1 year	12,264	2,738	5,616	3,910
2-5	50,413	11,567	19,861	18,985
6-10	66,337	21,535	19,082	25,720
11-15	61,550	27,940	8,699	24,911
Total	190,564	63,780	53,258	73,526

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, any capital expenditure incurred, and principal and interest payable to reduce the outstanding liability to the contractor. The liability outstanding to the contractor for capital expenditure incurred is as follows:

2017-18 £000	Analysis of Outstanding Liability for BSF Phase 1	2018-19 £000
68,625	Balance outstanding at 31 March	66,282
-2,343	Payments during the year	-2,502
66,282	Balance outstanding at year end	63,780

The closing value of assets held under the scheme at 31 March 2019 was £21.444m (£18.830m 31 March 2018) in respect of the BSF Phase 1 scheme.

The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2019 were £63.78m (£66.282m at 31 March 2018). The decrease of £2.502m is due to payments during the year.

BSF Phase 2

The Council entered into a contract for Phase 2 of the BSF programme in September 2009, ending 2035-36. This relates to the building and maintenance of four mainstream Secondary Schools and three co-located Special Needs Secondary Schools. Two of the sites were completed during March 2011 and the other two handed over during 2011-12. The Council controls these assets and they will transfer to the Council at no cost at the end of the contract.

2017-18 £000	BSF Private Financing Initiative	2018-19 £000
	Charges to the Revenue Account	
9,224	Unitary Payments to the Contractor for services provided	9,876
9,224	Total charges to the revenue account	9,876
	Net Operating Expenditure	
11,751	Interest element of finance lease payments	11,649
	Statement of Movement on the General Fund Balance	
5,868	Capital element of finance lease	5,727
26,843	Total PFI charges	27,252
	Financed By	
18,297	Government PFI Revenue Grant	18,297
8,939	Education	9,208
0	Council and Schools contribution	0
27,236	Total Financing	27,505
		253
393	Transfer to BSF PFI Reserve	

The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March are as follows:

Year	Unitary Charge	Principal	Interest	Service charge and life cycle costs
	£000	£000	£000	£000
Within 1 yr	25,630	4,984	11,013	9,633
2-5	105,182	21,273	43,189	40,720
6-10	137,992	30,153	50,573	57,266
11-15	146,112	34,184	42,951	68,977
16-20	59,589	15,088	14,467	30,034
Total	474,505	105,682	162,193	206,630

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

2017-18 £000	Analysis of Outstanding Liability for BSF Phase 2	2018-19 £000
117,277	Balance outstanding at 31 March	111,409
-5,868	Payments during the year	-5,727
	Capital Expenditure incurred in the year	
111,409	Balance outstanding at year end	105,682

The closing value of assets held under the scheme at 31 March 2019 was £24.535m (£23.135m 31 March 2018) in respect of the BSF Phase 2 scheme. The assets used to provide services at the schools are recognised on the Council's Balance Sheet, as regards one Foundation School and one Special School. The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2019 were £105.682m (£111.409m 31 March 2018).

The excess of the liabilities over the assets arises because schools are de-recognised when they convert from Community, Foundation or Special Schools to Academies on long leases or Trust status. This excess of the liabilities will be financed in future years by government grants. However, in line with accounting standards and the Code, these government grants are not shown on the Council's balance sheet.

The remaining BSF scheme assets total £45.979m, per Note 9 page 41 and the total liabilities are £169.462m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £123.483m. This reduces the Council's Net Assets as shown in its Balance Sheet, on page 20, by £123.483m.

Note 37. Capital Expenditure and Financing

The Capital Financing Requirement is the outstanding nominal debt on historic borrowing to finance debt. The Capital Financing Requirement is shown below:

2017-18 £000		2018-19 £000
	Capital Expenditure and Capital Financing Requirement	
653,419	Opening Capital Financing Requirement	669,454
	Capital investment	
56,107	Property, Plant and Equipment	67,335
0	Aborted cost on prior year capital expenditure	0
4,352	Investment properties	78
41	Intangible Assets	75
0	Heritage Assets	0
0	Asset Held for Sale	0
12,093	Revenue Expenditure funded from Capital under statute	16,664
310	Capital loans	191
	Sources of Finance	
-8,765	Capital Receipts Applied	-4,755
-41,180	Government grants and other contributions	-42,871
-5,923	Sums set aside from revenue	-5,047
0	Donated assets	0
-8,402	Repayment of Principal on PFI and Other Finance Leases	-4,576
-16,166	MRP/loans fund principal	-19,923
23,738	Revision to estimated provision for amounts set aside	23,663
-170	Payments of Principal on Long-Term Liabilities	-164
669,454	Closing Capital Financing Requirement	700,124
	Explanation of movements in year	
15,834	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	30,321
201	Assets acquired under finance leases	349
0	Assets acquired under PFI contracts	0
16,035	Increase/ (decrease) in Capital Financing Requirement	30,670

Note 38. Revenue Expenditure Funded From Capital Under Statute (REFCUS)

These are payments of a capital nature where no fixed asset is created, mainly grants made to individuals or organisations for capital purposes, such as improvement grants.

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £16.664m (£12.093m in 2017-18). Grants of £13.482m funded this in year REFCUS expenditure (£9.957m in 2017-18), including £3.469m transferred from the Capital Grants Unapplied reserve (£5.634m in 2017-18).

Note 39. Other Long Term Liabilities

The total deferred liabilities at 31 March 2019 are £1,173.162m compared to a total of £1,032.108m at 31 March 2018. The main liability is in respect of the actuarially calculated pension liability which is £141.054m higher at 31 March 2019 when compared to 31 March 2018.

Other significant liabilities are:

a) PFI principal repayments due over the remaining life of the BSF Phase 1 and Phase 2 contracts. The total outstanding PFI liability as at 31 March 2019 was £169,462. (£177.691m at 31 March 2018), of which £161.740m is a deferred liability and £7.722m a creditor in respect of the 2018-19 principal repayment.

b) former West Yorkshire Waste Management Joint Committee debt. This is managed on the Council's behalf by Wakefield Metropolitan District Council. The deferred liability outstanding at 31 March 2019 was £3.614m (£3.765m at 31 March 2018).

The other deferred liabilities relate to finance leases. These comprise property and equipment leased by the Council where the real substance of the transaction is that the assets are bought on credit.

2017-18 £000	Other Long Term Liabilities	2018-19 £000
858,087	Pension Liability	1,006,971
	BSF	
63,780	Phase 1	61,042
105,682	Phase 2	100,698
3,765	Waste Management Joint Committee Debt	3,614
794	Other	837
1,032,108		1,173,162

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £169.462m. As with all the Long-Term liabilities and current liabilities, the liability of £169.462m impacts on the Balance Sheet by reducing the net assets of the authority. However, this liability is matched with a government grant for Phase 1 of £9.005m and £18.297m for Phase 2, totalling £27.302m, see Note 45, page 83. The Phase 1 grant will be paid until 2033 and the Phase 2 grant will be paid until 2036.

Note 40. Deferred Income

There was no deferred income in 2018-19.

Note 41. Related Party Transactions

The Council has the following Related Party disclosures in relation to the following entities:

West Yorkshire Joint Committee - The West Yorkshire Joint Committee comprises the Councils of Bradford, Leeds, Calderdale, Kirklees and Wakefield. Its services include the Archaeology Advisory Service, Archaeological Services, Archive Service, Ecology, Materials Testing Service, Analytical Services and Trading Standards Service. It has been set-up as a partnership. The Council's share of its expenses is included below in this note, see Other Public Bodies.

Bradford Council makes an annual financial contribution to the West Yorkshire Joint Committee, based on its share of the service cost, and is represented on the management board. All the financial contributions are made on an annual basis. The Board manages the financial position and financial performance of the Joint Committee.

West Yorkshire Combined Authority - The West Yorkshire Combined Authority comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield and includes York as an associate. The Leader of Bradford Council is a member of the Combined Authority. The West Yorkshire Transport Fund became a committee of the Combined Authority during 2014-15; Bradford's share of expenditure of this is shown separately below in this note, see Other Public Bodies.

In future years, it is anticipated that the Combined Authority will receive capital grants, which will be spend on transport infrastructure projects across West Yorkshire.

The 2018-19 financial year was the third year of operation. The value of its financial transactions is expected to expand in future years.

Leeds City Region - The Leeds City Region comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York, Barnsley, Harrogate, Craven, Selby and North Yorkshire. It was set-up by a partnership agreement. The organisation accounts for grants held for the purpose of capital investment projects across the West Yorkshire Region.

The accountable body for the Leeds City Region in the West Yorkshire Combined Authority.

While the Leeds City Region holds significant capital grants, the cash flows are managed by Leeds City Council and a separate statement of accounts prepared. The accounts are subject to audit.

Business Rates Pool - The Business Rates Pool comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York and Harrogate. Councils received a 99% share of Business Rates in 2018-19, replacing direct government funding. The Pool redistributes levy income that would otherwise be paid over to Central Government.

Revolving Infrastructure Investment Fund - This fund is a Limited Liability Partnership comprising the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York and Harrogate. It has been set up with the purpose of giving loans for infrastructure development across West Yorkshire. No loans have been agreed to date.

The Council has the following Related Party Disclosures:

Authorities are required to disclose transactions between themselves and related parties. In this context related parties are individuals or bodies which have the potential to influence or control the Council or to be influenced or controlled by the Council. The following information is provided.

Central Government

The UK Government provides the statutory framework within which the Council operates, provides the majority of Council funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties. Details of Government grants for revenue purposes are set out in Note 45 which identifies the cash grants received in the year for inclusion in the Cash Flow Statement (page 21).

Members

The Leader and Portfolio Holders are responsible for the direct control of the policies of the Council. Therefore where the Council enters into material financial transactions with other entities over which the Leader and Portfolio Holder also exert influence, this is declared below.

The register of Members' interests is held by the Member Support Section within City Hall, Bradford and is available for public inspection as required by the code of conduct adopted by the Council in accordance with section 51 of the Local Government Act 2000 and the Local Authority (Model Code of Conduct) (England) Regulations 2001, made under section 50 of that Act. Chief Officers were requested to complete a voluntary declaration of any relevant transactions with the Council or between the Council and third parties with which they have some relationship.

Members of the Council have direct control over the Council's financial and operating policies. The Members' Allowances Note 32 can be viewed on p67. Where members have an interest in companies or other organisations, details of such interests are

recorded in the Register of Members' Interests which is open to public inspection. During 2018-19, material transactions totalling approximately £0.867m net expenditure took place with such organisations. £0.042m of income from related parties (of which £0.006m is still outstanding) has been netted off £0.909m of expenditure on related parties (none of which is still outstanding).

The amounts above relate to 906 financial transactions with 5 entities, with the overwhelming majority relating to Southfield Health Care Limited. The related party, though, is simply brought about because a Council officer is employed by them. There was also an insignificant amount of creditors and debtors with these 5 entities as at 31 March 2019.

Any contracts are entered into in full compliance with the Council's standing orders. Grants are made in line with proper consideration of declarations of interest. The members with declared interests take no part in any discussion or decision relating to grants made.

Chief Officers

The Pension Fund has an investment in Montanaro European Smaller Companies Fund plc, which at 31st March 2019 was valued at £14.08m (£13.14m 31st March 2018), and has an original cost of £4.9m. The Director, West Yorkshire Pension Fund, is a non-executive director of Montanaro European Smaller Companies Fund plc, for which he is paid a fee.

West Yorkshire Pension Fund

The Council administers the West Yorkshire Pension Fund. In 2018-19 it charged the Fund £0.451m in respect of support services provided (£0.422m in 2017-18). The charge includes financial, legal and IT services.

Other Public Bodies

Revenue transactions with precepting authorities, joint committees and other related bodies in the year were:

2017-18 £000	Other Public Bodies	2018-19 £000
	Payment of precepts	
8,297	West Yorkshire Fire and Rescue Authority	8,802
20,567	Police and Crime Commissioner West Yorkshire	22,870
1,711	Parish Councils	1,971
24,869	Payments to joint committees, joint services and other bodies	*24,687
52	Parish Councils (running expenses and allotment grants)	4

*Includes a revenue contribution of £23,449m to the Transport Committee of the West Yorkshire Combined Authority. In addition, the Council received a £12,248m capital grant payment from the same Committee.

Subsidiary and Associated Companies

The Council had financial relationships in 2018-19 with the following companies. Their assets and liabilities are not included in the Council's accounts due to materiality.

Integrated Bradford LEP Ltd (5797774) In December 2006, the Council took a £1,000, (10%) interest in the Local Education Partnership, Integrated Bradford LEP Limited, a private limited company. The company was set up to deliver the capital investment programme in Bradford secondary schools funded through the government initiative Building Schools for the Future.

CBMDC Building Schools for the Future Ltd, (6015434) is a private limited company and a wholly owned subsidiary of Bradford Council. It was incorporated on 30 November 2006 with the sole purpose to make a loan to Integrated Bradford LEP Fin Co One Ltd (5797779). The outstanding balance as at 31 March 2019 was £78,300 (31 March 2018 £78,500).

Bradford District Apprenticeship Training Agency (8424557) was incorporated on 28 February 2013 as a private limited company by guarantee without share capital. The subscribers to the company are Bradford College and the Council. The objects of the company are detailed in the memorandum of association documents available from companies house.

Active Bradford Ltd, (11178024) is a private limited company incorporated on 30 January 2018. The company is limited by guarantee and the City of Bradford Metropolitan District Council is one of 6 subscribers. The subscribers are organisations from across the district that are committed to working together to increase the number of people being active and playing sport across the Bradford district. The company did not trade between incorporation and 31/03/19.

Canal Road Urban Village Ltd, (07084958) is a private limited company incorporated on 24 November 2009. The City of Bradford Metropolitan District Council owns 199 Ordinary B shares. The objects of the company are detailed in the memorandum of association documents freely available from companies house.

DHEZ Ltd (09706126) was incorporated as a private limited company on 28 July 2015. 10 shares (10%) are owned by City of Bradford Metropolitan District Council. The objects of the company are detailed in the memorandum of association documents freely available from companies house.

Leeds Bradford Airport Ltd (2065958), formerly known as Leeds Bradford International Airport Ltd (12/10/94 – 01/07/15), formerly known as Leeds Bradford Airport Ltd (01/12/86 – 12/10/94), formerly known as Inlandlaunch Ltd (21/10/86 – 01/12/86). The company was incorporated on 21 October 1986. 1 Special Share is owned by Leeds City Council and City of Bradford Metropolitan District Council. The objects of the company are detailed in the memorandum of association documents freely available from companies house.

Details of the Council's long term investment in Integrated Bradford LEP Ltd, is shown in Note 16 on Long Term Investment

In 2018-19 the Council received a £0m interim dividend from our 10% investment in Integrated Bradford LEP (£0m 2017-18)

In addition to the above, the Council is involved in a number of other partnerships and companies limited by guarantee. The Council does not have significant influence over these organisations.

Joint Arrangements

The Council has identified that it is involved in 8 (8 in 2017-18) Joint Arrangements. One of these is the Yorkshire Purchasing Organisation.

The remaining 7 Joint Arrangements are known collectively as the West Yorkshire Joint Services Committee. Individually these comprise: West Yorkshire Archaeology Advisory Service, Archaeological Service, West Yorkshire Archive Service, West Yorkshire Ecology, West Yorkshire Materials Testing Service, West Yorkshire Public Analyst and West Yorkshire Trading Standards. In 2018-19 the Council included its contribution of £0.817m to these arrangements (£0.802m in 2017-18) in the Comprehensive Income & Expenditure Statement but has not included its share of the assets and liabilities on the grounds of non-materiality.

The Council had no significant balances outstanding at year end with related parties.

Note 42. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

2017-18 External Audit Costs £000		2018-19 £000
185	External audit services	143
17	Certification of grant claims and returns	9
48	West Yorkshire Pension Fund	37
0	Fees for other services	0
250	Total	189

Note 43. Dedicated Schools Grant (DSG)

The Council is allocated the Dedicated Schools Grant (DSG) from the Department for Education (DfE) in support of expenditure relating to the schools budget. The DSG must be allocated between Individual Schools budget (ISB) and the Central School Budget expenditure, and over or underspends on the two elements need to be shown separately. The DSG has been made under sections 14 of the Education Act 2002 and has been spent in accordance with regulations made under sections 45A, 45AA, 47, 48 (1) and (2) and 138 (7) of, and paragraph 1 (7) (b) of Schedule 14 to the School Standards Framework Act 1998 (England).

Bradford was allocated £529.569m for financial year 2018/19, see the table below:

Dedicated Schools Grant	2017-18			2018-19		
	Total	Central Expenditure	Individual Schools Budget (ISB)	Total	Central Expenditure	Individual Schools Budget (ISB)
	£000	£000	£000	£000	£000	£000
Final DSG before Academy Recoupment	516,268			529,569		
Academy Recoupment	-223,299			-246,804		
Total DSG after Academy Recoupment	292,969			282,765		
Plus DSG b/f from previous year	458			4,765		
DSG carry forward to following year agreed in advance	0			0		
Agreed Budget Distribution	293,427	24,710	268,717	287,530	21,132	266,398
In Year Adjustments	0	0	0	0	0	0
Final Budgeted Distribution	293,427	24,710	268,717	287,530	21,132	266,398
Less Actual ISB deployed to schools	268,717	0	268,717	256,633	0	256,633
Less Actual Central Expenditure	19,945	19,945	0	20,462	20,462	0
Carry Forward	4,765	4,765	0	10,435	670	9,765
Carry Forward agreed in Advance	0	0	0	0	0	0
Total Carry Forward	4,765			10,435		

* The DSG after Academy Recoupment of £282.765 plus the previous year in year adjustment of £0.117m, total £282.882m per the amount shown for the DSG in Note 45, page 88

The school is in compliance against the School Finance England Regulations 2018.

Note 44. Contingent Liabilities and Assets

This note summarises potential contingent losses in relation to certain outstanding matters which cannot be estimated accurately or considered sufficiently certain. Contingent liabilities are not accrued in the accounting statements.

Employment Tribunal

An Employment Appeal Tribunal (November 2014) ruled that holiday pay should include non-guaranteed overtime which may have implications for the Council where our employees are required to work overtime as a regular part of their job. Any backdating of claims is limited. A limited liability may therefore arise, although it is not thought likely that the impact will be significant.

Municipal Mutual Insurance Limited (MMI Ltd)

Prior to 1992, the Council's public liability and employers liability insurance were supplied by MMI Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Agreement. A court ruling in relation to employers liability for occupational disease claims such as asbestosis has adversely affected the financial position of MMI Ltd to the extent that the Scheme of Arrangement has been triggered. The initial levy rate has been set at 15%. An additional levy was triggered for a further 10% on 1 April 2017, for which a provision was set aside as at 31 March 2019 (Please see Provisions, Note 20, p49).

If the levy is increased to 100% this would generate a potential cost over £1 million but this is considered unlikely and would be over the long-term.

Search Fees

A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council agree to settle and some costs have been previously settled. It is possible that additional claimants may come forward to submit claims for refunds. An amount of £0.1m is set aside within provisions for refund of search fees (Please also see Provisions; Note 20, p49).

Given that most claims have come forward, the cost of any further claims is expected to be minimal.

Compensation Claim

There is a potential contingent liability for schools that convert to an academy where there are historic school deficit balances and whose responsibility they will be if a school converts to an academy. There are a number of schools that could be affected although the Council will look to actions to reduce its exposure to financial loss. The Council is also in discussions with a specific school with regards to a potential compensation claim.

In the event that the Council has to fund historic deficits, there may be a future cost potentially over £1million: however the Council would seek central government funding for this.

Note 45. Grant Income

The revenue government grants shown in the tables below represent the accrued amount received by the Council.

The Council credited the following grants, and donations, to the Comprehensive Income and Expenditure Statement in 2018-19:

	2017-18	2018-19
	£000	£000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	292,846	282,882
Rent Allowance Subsidy	164,511	153,731
Public Health	42,930	41,826
Pupil Premium	17,449	16,045
PFI Revenue Support	27,301	27,301
Education and Schools	21,861	28,528
Education Services	1,393	0
NHS Adult Social Care	29,288	35,467
Independent Living Fund	2,074	1,936
Revenue Expenditure Funded from Capital under Statute (REFCUS)	4,310	10,013
Council Tax reduction & housing benefits administration	3,028	3,158
Miscellaneous under £500k		
Safer Communities	1,395	2,774
Troubled Families	2,193	2,977
Integration Area Programme	570	2,280
Contribution to cost of Business Rates collection	109	2,702
Youth Training	737	728
European Union	795	1,531
Adoption Grant	327	255
Local Reform & Community Voices	404	42
Asylum seekers accommodation and resettlement	319	323
Controlling migration	1,182	1,164
Arts, Heritage & Leisure	744	747
	443	211
Total	616,209	616,621
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	62,849	0
Top Up Grant	64,679	46,454
New Homes Bonus Grant	8,557	5,664
Small Business Rates and other Section 31 grants including National Levy surplus	10,895	23,338
Local Services Support Grant	652	667
Total	147,632	76,123

The Council has received a number of grants and contributions 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 shown below are included in the Balance Sheet in Capital Grants Receipts in Advance under Long Term Liabilities and the amounts at year end are as follows:

	2017-18	2018-19
	£000	£000
Capital Grants Receipts In Advance		
Developer's contributions	10,258	11,611
Total (See Balance Sheet p20)	10,258	11,611

Note 46. Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals. The Code distinguishes between impairment loss – which represents the consumption of economic benefit specific to an asset – and revaluation loss – which represent a general decrease in prices. These disclosures are consolidated in Note 9 and Note 14.

There were no impairment losses during the year.

Note 47. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, lending, soft loans, financial guarantees and bank deposits of the Council. Non exchange transactions such as those relating to taxes and government grants, do not give rise to financial instruments. Most of these assets and liabilities are carried at amortised cost – a measure reflecting transactional cashflows. This note gives details about the Council's financial assets and liabilities, and the fair value of these at the balance sheet date (this can differ from the carrying amount).

Financial Assets that have passed their due date have been impaired but all have been subject to a review and, where appropriate, provided for within the bad debt provision.

Types of Financial Instruments

The following categories of financial instrument are carried on the Balance Sheet:

	Long-term		Current	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Financial assets at amortised costs				
Investments (Principal amount)	0	0	15,000	29,400
Investments Accrued Interest	0	0	11	66
Cash & Cash Equivalents	0	0	51,830	52,529
Equity Investments	1	1	0	0
Total Investments	1	1	66,841	81,995
Debtors				
Loans and receivables	2,104	2,304	20	20
Financial assets carried at contract amounts	0	0	35,334	39,097
Total Debtors	2,104	2,304	35,354	39,117
Financial liabilities at amortised cost				
Loans (Principal amount)	317,167	300,995	15,233	28,377
Accrued Interest	0	0	3,621	3,481
Total Borrowings	317,167	300,995	18,854	31,858
Other long term liabilities				
PFI and finance lease liabilities	169,762	162,090	8,384	7,909
Total other long term liabilities	169,762	162,090	8,384	7,909
Creditors				
Financial liabilities carried at contract amounts	0	0	33,034	40,641
Total creditors	0	0	33,034	40,641

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Fair value of Financial Instruments

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the net present value of the cash flows that take place over the remaining life of the instruments (all Level 2) which provides an estimate of the value of payments in the future in today's terms. The calculations have been made using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. We have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value).
- For Lender's Option Borrower's Option" (LOBO) loans prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

2017-18 Carrying amount £000	2017-18 Fair value £000	Fair value of liabilities carried at amortised cost at 31 March	2018-19 Carrying amount £000	2018-19 Fair value £000
278,887	373,641	PWLB Loans	275,801	373,469
43,105	62,065	LOBO's	37,825	55,858
400	400	Other loans	400	400
3,621	3,621	Short term borrowing	3,481	3,481
5,586	5,586	Cash overdrawn	11,088	11,088

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4,087	5,986	Other local authorities re joint services	3,923	5,776
335	335	Other	335	335
178,146	178,146	PFI and finance lease liabilities	169,999	169,999
33,034	33,034	Financial liabilities at contracted amounts	40,641	40,641
547,201	662,814	Total Liabilities	543,493	661,047

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

The Council has determined that for PFI scheme and finance lease liabilities the carrying value represents the best estimate of fair value, as the carrying value is based on the effective interest rate of the contract, which reflects the unique risks associated with the contract.

An alternative valuation technique for PWLB loans is where the value is calculated to be equivalent to the cost of the early repayment of outstanding PWLB debt. But if the Council were to seek to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging an additional premium for the additional interest that will not now be paid. If this method of valuation had been used in 2018-19 the fair value would be calculated as £423.944m.

2017-18 Carrying amount	2017-18 Fair value	Fair value of assets carried at amortised cost at 31 March	2018-19 Carrying amount	2018-19 Fair value
£000	£000		£000	£000
15,003	15,003	Investments	29,454	29,454
51,838	51,838	Investments – cash and cash equivalents	52,541	52,541
1	1	Equity Investments -Integrated Bradford Local Education Partnership (LEP) Ltd	1	1
2,124	2,240	Debtors – loans and receivables	2,324	2,426
35,334	35,334	Financial assets at contracted amounts	39,097	39,097
104,300	104,416	Total Financial Assets	123,417	123,519

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

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

The Council's debtors incorporate a credit loss provision. The credit loss provision is estimated on the basis of the age of the outstanding debt, combined with specific knowledge indicating the likelihood of payment.

As noted, the Council's debtors incorporate a credit loss provision. The credit loss provision is estimated on the basis of the age of the outstanding debt, combined with specific knowledge indicating the likelihood of payment.

The Council defines default, as when a debtor is unable to pay or looks likely to be unable to pay in the future. Credit losses have been estimated on a case by case basis. However, in the initial review, debtors are assessed by age. Credit-impaired financial assets are reviewed against a prospective credit loss model.

Gains and losses on financial instruments

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

2017-18 £000	Recognised gains and losses	2018-19 £000
	Recognised in the Comprehensive Income and Expenditure Statement	
	Financial assets: measured at amortised cost	
-949	Interest income	-1,240
-949	Total income in surplus or deficit on the provision of services	-1,240
	Financial Liabilities measured at amortised cost	
18,193	Interest payable	17,257
18,037	Interest Payable on PFI and Finance leases	17,515
	Recognised in Other Comprehensive Income and Expenditure	
36,230	Total expense in surplus or deficit on the provision of services	34,772

Nature and extent of risks arising from financial instruments

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

- a. Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.
- b. Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- c. Re-financing Risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- d. Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movement.

Overall procedures for managing risks

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. In July 2003 the Council fully adopted the CIPFA Code of Treasury Management Practices. Each year the Director of Finance presents to the Governance and Audit Committee an Annual Treasury Management Report which covers the Council's current treasury position, borrowing and investment strategies and performance and debt rescheduling.

The annual Treasury Management Strategy which incorporates prudential indicators was reviewed by Governance & Audit Committee on 22 March 2018 and approved by Council on 16 October 2018 and is available on the Council's website. Actual performance is also reported after each year.

a. Credit Risk

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

It is the policy of the Council set out in the Annual Investment Strategy to place deposits only with a limited number of banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits and maturities with banks and building societies depending on an institution's (such as Moody's or Fitch's) credit rating.

The credit criteria in respect of financial assets held by the Council are as detailed below.

Investment limits

The financial investment limits with the Government, Banks or Building Societies are linked to Moody's, Fitch and Standard and Poors (S&P) ratings, as follows:-

1. The Government through debt management office including deposits, treasury bills and bank government guarantee certificate of deposits - Maximum Investment with any one counter party - no limit.
2. Local Authorities: Maximum Investment with any one counter party - £20 million.
3. Money Market funds including government funds with a Moody's, S&P or Fitch rating of AAA: Maximum Investment with any one counter party - £20 million.
4. Any other Bank or Building Society with credit criteria of Moody's rating Aa3 or better, Fitch short term rating of at least F1 and a S&P short term rating of A1 or better: Maximum Investment with any one counter party - £30million.
5. Any Bank or Building Society with credit criteria of Moody's rating A1 or better, Fitch short term of at least F1 and a S & P short term rating of A-1 or better: Maximum Investment with any one counter party - £20million.
6. Lower limit with any bank or building society with at least one of the following; Moody rating of A3 or better, Fitch rating of at least F1, S&P rating of A-1 or better: Maximum Investment with any one counter party - £7million.
7. National Westminster Bank - maximum limit of £20m.

The full Investment Strategy for 2018-19 was approved by Full Council on 16 October 2018 and is available on the Council's website.

Amounts arising from expected credit losses

The Council defines default, as when a debtor is unable to pay or looks likely to be unable to pay in the future. Credit losses have been estimated on a case by case basis. However, in the initial review, debtors are assessed by age. Credit-impaired financial assets are reviewed against a prospective credit loss model.

At the year end the Council held investments of £81.995m, made up of £29.454m Investments and £52.541m Cash and Cash Equivalents. The Council's maximum exposure to credit risk in relation to the above balances cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2019 that any losses were likely to crystallise. The Council has not suffered any historical experience of default on any deposits with financial institutions, and does not expect to suffer any defaults on any of its existing deposits and therefore there is no requirement for any impairment of financial assets to be made.

We have assessed the Council's short term and long term investments and concluded that the expected credit loss is not material therefore no allowance has been made.

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 and bonds.

Customers for goods and services are assessed, dependent on materiality, taking into account their financial position, past experience and other factors as appropriate. A bad debt provision has been included in the accounts, to take account of the risk of non-payment (see note 18). As at 31 March 2019, the Council had a balance owing from its customers (mainly service and rent) of £39.097m (£35.334m 31 March 2018). The exposure to default has been assessed and is reflected in a bad debt (or impairment) provision of £10.756m.

b. Liquidity Risk

The Council manages its liquidity position through the risk management procedures above and through a comprehensive cash flow management system. This seeks to ensure cash is available when needed.

If unexpected movements occur, the Council has ready access to a facility to borrow from the Public Works Loans Board to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

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

c. Refinancing and Maturity Risk

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

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 40% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The following is an analysis of amounts owed to lenders at the year-end.

31 March 2018 £000	Total Borrowing	31 March 2019 £000
	Source of loan and interest rate range :	
278,887	Public Works Loan Board (3.7% to 10%)	275,801
43,105	Commercial Banks (3.2% to 4.5%)	37,825
400	Other – WYCA	400
322,392		314,026
	Analysis of loans:	
	Short Term Borrowing	
9,484	Maturing in less than 1 year	17,132
	Long Term Borrowing	
39,970	Maturing in 2 - 5 years	29,321
56,060	Maturing in 5 - 10 years	59,060
54,373	Maturing in 10 - 15 years	51,887
162,505	Maturing in more than 15 years	156,626
312,908	Total Long Term Borrowing	296,894
322,392	Total Borrowing	314,026

The total borrowing shown on the Balance Sheet, page 20, of £317.507m, calculated by adding together short term (£20.613m) and long term borrowing (£296.894m), includes accrued interest of £3.481m, per accounting regulations. Accrued interest is not included in the above table.

d. Market Risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments.

The current interest rate risk for the Council is summarised below:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on the revenue balances);
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However changes

in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

According to this investment strategy, if interest rates had been 1% higher at 31 March 2019 with all other variables held constant, the financial effect would be:

31 March 2018	Effect of 1% increase in interest rates	31 March 2019
£000		£000
0	Increase in interest payable on variable rate borrowings	0
-501	Increase in interest receivable on variable rate investments	-420
0	Increase in government grant receivable for financing costs	0
-501	Impact on Surplus or Deficit on the Provision of Services	-420

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The Council does not have any borrowings at a variable rate.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Price Risk

The Council does not generally invest in equity shares and does not have any material shareholdings in joint ventures or local companies, and it is not therefore subject to price risk.

Foreign Exchange Risk

The Council does not have any financial assets or liabilities denominated in foreign currencies, and thus had no exposure to loss arising from movements in exchange rates.

Note e: Reclassification and remeasurement of financial assets at 1 April 2018

	Previous classifications		New classifications at 1 April 2019	
	Carrying amount brought forward at 1 April	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss
	£000	£000	£000	£000
Loans & Receivables	94,456	94,456	0	0
Reclassified amounts at 1 April 2018	94,456	94,456	0	0

Note 1f: Effect of reclassification and remeasurement on the Balance Sheet

This note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet

	Previous classifications				Total Sheet amount	Balance carrying amount
	Amortised cost	Fair value through other comprehensive income	Fair Value through profit or loss	Non-financial instrument balances		
	£000	£000	£000	£000	£000	£000

Remeasured carrying amounts at 1 April 2018	94,456				94,456
Non-current investments	1	0	0	0	1
Long-term debtors	2,104	0	0	0	2,104
Current investments	15,003	0	0	0	15,003
Current debtors	77,348	0	0	0	77,348

Note g: Judgements

The following judgements were made in reclassifying financial instruments at 1 April 2018:

- Long term debtors are shown at amortised cost because they are repayable with fixed principal and interest. Debtors are shown at amortised cost because they are subject to impairment.

Note h: Impact of measurement of financial assets on an amortised cost basis at 1 April 2018

	Fair Value at 31 March 2019 £000	Fair value gain or (loss) that would have been recognised in the Comprehensive Income and Expenditure Statement in 2018-19 if reclassification had not taken place £000
Reclassified financial assets	0	0

Note 4: Loss Allowances for new classifications at 1 April 2018

Reclassification and remeasurement of impairment losses at 1 April 2018	Impairment allowance brought forward at 1 April £000	Amortised cost £000	Fair value through other comprehensive income £000
Previous classifications	22,937	22,937	0
Loans and receivables	0	0	0
Available for Sale	0	0	0
Reclassified amounts at 1 April 2018	0	0	0
Remeasurement from incurred losses basis at 1 April 2018	0	0	0

Impairment loss allowance at 1 April 2018	22,937	22,937	0
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Note 48. Trust Funds and Custodial Money

The Director of Finance acts as treasurer to 19 funds (inclusive of 11 sole trustee charities), held in trust for such purposes as maintenance grants, travel scholarships and book prizes, or for the benefit and care of particular client groups. The fund balances are invested in managed funds, local authority bonds and gilt edged securities and deposit accounts.

£17,848 (£20,313 at 31 March 2019) is also held on behalf of clients who are in residential care. The assets shown below are not owned by the Council and are not included in the Balance Sheet.

Balance 31 March 2018 £	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2018-19 £	Income 2018-19 £	Balance 31 March 2019 £
621,498	The Charles Semon Educational Foundation		16,907	638,405
550,892	Bradford area			
471,915	Keighley area	12,520	395,340	933,712
11,385	Housing charities	963	23,097	494,049
323,738	Charities for the Blind	2713	80	8,752
1,979,428		16,196	444,556	2,407,788

For those Trust Funds where the Council acts as sole trustee and which at 31 March 2019 had net assets of over £50,000, further details regarding the purpose of the charity and its financial performance are set out below.

Trust Fund and Charity Number	Registration Purpose	Net increase/- decrease in funds in 2018-19 £	Balance at 31 March 2019 £
The Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	16,907	638,404
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	17,507	480,268
Royd House Trust Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	4,615	145,046
The Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	-5,743	218,280
Little Moor Park (otherwise Foster Park) Queensbury (519426)	Maintenance of Public Park & Recreation Ground for the benefit and use of Queensbury and the general public	726	63,756

There is a statutory requirement for billing authorities to maintain a separate Collection Fund showing the transactions in respect of Council Tax and Business Rates and the way in which these have been distributed to preceptors, central government and the General Fund. Although a separate Income and Expenditure Account is required, the Collection Fund balances are consolidated into the Council's Balance Sheet. Any deficit or surplus at year end that is due to or from the Council is included in the Comprehensive Income and Expenditure Statement. Any amounts due to or from precepting bodies at year-end will not be included in the Collection Fund, but will be included in debtors and/or creditors as appropriate.

2017-18 £000	2017-18 £000	2017-18 £000	Collection Fund Statement	2018-19 £000	2018-19 £000	2018-19 £000	
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total	
Income							
-203,194	0	-203,194	Due from Council Tax payers (excluding benefits)	-224,265	0	-224,265	Note 1
24	0	24	Due in respect of Council Tax benefits	32	0	32	
0	-145,181	-145,181	Due from Business Rate payers	0	-145,841	-145,841	Note 2
-203,170	-145,181	-348,351	Total Income	-224,233	-145,841	-370,074	
Expenditure							
Precepts:							
171,385	0	171,385	Bradford Council	187,113	0	187,113	
8,297	0	8,297	West Yorkshire Fire and Rescue Authority	8,802	0	8,802	
20,567	0	20,567	Police & Crime Commissioner for West Yorkshire	22,870	0	22,870	
Business Rates:							
0	64,773	64,773	Payment to Central Government		-691	-691	
0	1,295	1,295	Payment to West Yorkshire Fire and Rescue Authority		1,273	1,273	
0	63,477	63,477	Payment to Bradford Council		126,693	126,693	
0	737	737	Costs of Collection		728	728	
0	3,861	3,861	Transitional Protection Payments		1,860	1,860	
5,346	2,827	8,173	Write-offs of Uncollectable Amounts	3,359	2,296	5,655	
0	4,775	4,775	Settlement of Appeals		3,140	3,140	
-1,541	-1,037	-2,578	Contribution to / from (-) Provision for Losses on Bad & Doubtful Debts	1,343	-1,554	-211	Note 3
0	8,240	8,240	Contribution to / from (-) Provision for Losses on Appeals	0	8,448	8,448	Note 4
Distribution of Collection Fund Surplus/Repayment of Deficit:							
2,000	-5,862	-3,862	Bradford Council	-400	0	-400	
100	-120	-20	West Yorkshire Fire and Rescue Authority	-19	0	-19	
243	0	243	Police & Crime Commissioner for West Yorkshire	-48	0	-48	
0	-5,981	-5,981	Central Government				
206,397	136,985	343,382	Total Expenditure	223,020	142,193	365,213	
3,227	-8,196	-4,969	Net movement (surplus (-)/deficit) in the fund balance	-1,213	-3,648	-4,861	Note 5
Movements on the Collection Fund Balance							
-2,087	11,931	9,844	Balance at beginning of year	1,140	3,735	4,875	
2,762	-4,016	-1,254	Bradford's share of surplus (-) /deficit for the year	-1,037	-3,612	-4,649	Note 5
134	-82	52	Preceptors' share of surplus (-) /deficit for the year	-176	-36	-212	Note 5
331	-4,098	-3,767	Central Government's share of surplus (-) /deficit for the year	0	0	0	Note 5
1,140	3,735	4,875	Balance at end of year	-73	87	14	
Allocated to:							
976	1,830	2,806	Bradford Council	-62	-1,089	-1,151	
117	37	154	West Yorkshire Fire and Rescue Authority	-8	1	-7	
47	0	47	Police & Crime Commissioner for West Yorkshire	-3	0	-3	
0	1,868	1,868	Central Government	0	1,176	1,176	
1,140	3,735	4,875		-73	88	15	

Note 1. Council Tax

Council Tax income is generated from charges raised on residential properties. Each domestic property is assigned to one of eight bands A-H depending on its capital value. (Band A* properties are properties in Band A entitled to disabled relief reduction). Properties in higher bands are charged more, although the charges may be reduced by Council Tax reduction and/or single occupier discount.

Properties in the middle band, D, were charged at £1,558.88 in 2018-19 (£1,469.71 in 2017-18) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2018-19 was 140,348 (136,252 in 2017-18). The tax base for 2018-19 was approved at the Executive meeting on 9 January 2018 and was calculated as follows:

2017-18 Band D Equivalent		Band	2018-19 Number of chargeable dwellings	Multiplier	2018-19 Band D Equivalent
52		A*	96	5/9	53
39,001		A	61,760	6/9	41,174
27,754		B	36,804	7/9	28,626
29,365		C	33,714	8/9	29,968
15,583		D	15,964	9/9	15,964
13,746		E	11,529	11/9	14,091
7,797		F	5,502	13/9	7,948
5,677		G	3,436	15/9	5,727
486		H	246	18/9	491
139,461	Total Band D equivalent				144,042
-3,209	Adjustment for estimated losses on collection				-3,694
136,252	Council Tax Base				140,348

Note 2. Business Rates (National Non-Domestic Rates)

The Council collects business rates on behalf of central government for its area. The rate in the pound of rateable value is set by central government. There are two multipliers: the small business non-domestic rating multiplier of 48.0p (46.6p in 2017-18) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 49.3p (47.9p in 2017-18) includes the supplement to pay for small business relief.

In 2013-14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the district. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base. The scheme allows the Council to retain 49% of the total Business Rates received. Of the remainder, 50% is paid to Central Government and 1% is paid to West Yorkshire Fire and Rescue Authority (WYFRA).

The business rates shares payable for 2018-19 were estimated before the start of the financial year as £1.273m to WYFRA and £126.693m to Bradford Council. These sums have been paid in 2018-19 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2018-19 was 145.841m (£145.181m in 2017-18). This sum includes £1.860m of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £388,902,510 for 2018-19 (£391,126,870 for 2017-18).

Note 3. Provision for Council Tax and Business Bad Debts

In 2018-19, the total provision for Council Tax bad debts was increased by £1.343m, from £12.507m to £13.850m. Of the final balance, 86% is to cover Council Tax owed to the Council. The remaining 14% is to cover amounts owed to major preceptors.

In 2018-19, the total provision for Business Rates bad debts was decreased by £1.554m, from £3.912m to £2.358m. Of the final balance, 99% is to cover Business Rates owed to the Council. The remaining 1% is to cover amounts owed to West Yorkshire Fire and Rescue Authority (1%).

Note 4. Provision for Losses on Appeals

Within the 2018-19 Business Rate Pool, the Council shares 99% of the risks and rewards of the income from Business Rates. The Council could potentially receive a shortfall in income from changes in the valuations of commercial premises, following appeals to the Valuation Agency. In 2018-19, the provision for losses on outstanding appeals was increased by £5.308m, from £15.265m at 31 March 2018 to £20.5m at 31 March 2019. The Council's 99% share of the £20.5m provision was £20.3m.

Note 5. Collection Fund Balance

An accumulated surplus on the Collection Fund is attributable to amounts that are deemed to be collectable, but which have not yet been collected. In line with proper accounting practice for Council Tax, Business Rates and the Collection Fund, any surplus or deficit in year must be allocated in year to the Council and the preceptors in the required proportions. However, in order to reflect the fact that the Council is not allowed by statutory legislation to either fund deficits or use surpluses in year, the distribution is offset by an entry to the Collection Fund Adjustment Account in the Council's Balance Sheet. This change does not therefore affect the statutory position, which is that any surplus or deficit on the Collection Fund must be used as an adjustment to the Council Tax and Business Rates in future years.

An overall surplus of £4.861m arose in 2018-19 (£4.969m surplus in 2017-18), of which the Council's share was a surplus of £4.649m (£1.254m surplus in 2017-18) and the preceptors share a surplus of £0.212m (£0.052m deficit in 2017-18).

Note 6. Leeds City Region Pooling Arrangement

The Council is a Member of the Leeds City Region Pool along with the other four West Yorkshire Authorities, Harrogate and York. Under the terms of the pooling arrangement, during the year, each authority will receive exactly the same funding as they would have if treated individually. The distribution of any levy income is retained in the region as opposed to being paid over to the Government.

West Yorkshire Pension Fund

Fund account			
2017-18 £000		2018-19 £000	Note
Dealing with members, employers and others directly involved in the Fund			
407,345	Contributions receivable	416,949	6
41,770	Transfers in	26,491	7
22,129	Non-statutory pensions and pensions increases recharged	21,938	8
471,244		465,378	
-485,808	Benefits payable	-506,461	9
-22,129	Non-statutory pensions and pensions increases	-21,938	8
-480,737	Payments to and on account of leavers	-40,445	10
-988,674		-568,844	
-517,430	Net additions/(withdrawals) from dealing with members	-103,466	
-10,359	Management expenses	-10,006	13
-527,789	Net additions/(withdrawals) including management expenses	-113,472	
Returns on investments			
392,115	Investment income	438,585	15
-8,072	Taxes on income	-8,236	
74,507	Profit and losses (-) on disposal of and changes in value of investments	476,252	17
3,503	Stock lending	3,279	17b
39	Underwriting commission	0	
462,092	Net return on investments	909,880	
-65,697	Net increase (decrease) in the net assets available for benefits during the year	796,408	
13,632,330	Opening net assets of the scheme	13,566,633	
13,566,633	Closing net assets of the scheme	14,363,041	

Management expenses and profit and loss on disposal of and change in value of investment figures now include transaction costs in line with CIPFA disclosure guidelines.

2017-18 £000	Net assets statement	2018-19 £000	Note
	Investment assets		
0	Northern LGPS assets	261	17
1,374,768	Bonds	1,512,233	17
9,999,549	Equities (including convertible shares)	10,415,004	17
659,866	Index-linked securities	679,524	17
1,466,773	Pooled investment vehicles	1,387,123	17
7,250	Direct Property	7,250	17
263,630	Cash deposits	269,242	17
33,482	Cash balances	25,261	17
42,528	Other investment balances	48,560	17
	Investments liabilities		
-11,182	Other investment balances	-15,356	17
13,836,664	Investments at 31st March	14,329,102	
	Current assets		
50,417	Debtors	51,814	20
	Current liabilities		
-320,448	Creditors	-17,875	21
-270,031	Net current assets and liabilities	33,939	
13,566,633	Net assets of the scheme at 31st March	14,363,041	

The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2019. This financial statement shows the net value of assets owned by the Fund, the actuarial calculation of the present value of promised retirement benefits is provided in note 12.

Note 1. Operations and Membership

The West Yorkshire Pension Fund (WYPF) provides for the payment of defined pension benefits to members or their dependants, from participating employers. It publishes its own detailed report and accounts document, which is available on the WYPF website address www.wygf.org.uk.

Administering Authority – City of Bradford Metropolitan District Council is the administering authority for the Fund, and as such has statutory responsibility for the management and administration of the Fund. The Fund's entire investment portfolio is managed on a day to day basis in-house supported by the Fund's external advisers.

Legal Status – WYPF is a statutory scheme and the benefits are paid out under the provisions of the Local Government Pension Scheme Regulations (2013). It has been classified as a registered public service pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

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**

Management – The West Yorkshire Pension Fund Joint Advisory Group is responsible for advising on the administration of the Fund. The group is made up of three elected members from each of the five West Yorkshire Metropolitan District Councils (MDCs), three Trade Union representatives and two Scheme members. The Investment Advisory Panel is responsible for advising on the investment of the Fund and comprises two elected members from each of the five West Yorkshire Metropolitan District Councils, three trade union representatives, two external investment advisors, two scheme members, the Director – West Yorkshire Pension Fund and a Chief Financial Officer from the West Yorkshire District Councils on a two year rotational basis.

Participating employers – There were 430 participating employers at 31st March 2019 (443 employers as at 31st March 2018) whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2019 is 291,514 (31st March 2018 is 286,471).

2017-18 Profile of membership	2018-19
102,017 Active members	100,060
86,867 Pensioner members	91,377
97,587 Members with preserved pensions	100,077
286,471 Total members	291,514

Benefits payable – On 1st April 2014, LGPS pensions 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 increased annually in line with Consumer Prices Index. Prior to April 2014 pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below:-

	Service pre-1 April 2008	Service post-31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one off tax free cash payment. A Lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Note 2. Actuary's Report

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the West Yorkshire Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

1. The valuation as at 31 March 2016 showed that the funding ratio of the Fund had fallen slightly since the previous valuation with the market value of the Fund's assets as at 31 March 2016 (of £11,211.5M) covering 94% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2017 is:
 - 16.2% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date, (the primary rate)

Plus

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 22 years from 1 April 2017 (the secondary rate), equivalent to 2.4% of pensionable pay (or £42.5M in 2017/18, and increasing by 3.25% p.a. thereafter).
3. In practice, each individual employer's position is assessed separately and contributions are set out in Aon's report dated 31 March 2018 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
 4. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in the stepping of contribution increases, individual employers' recovery periods and allowance for post-valuation date market conditions as agreed with the administering authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
 5. The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled body employers *	4.7% p.a.
Ongoing Orphan employers	4.1% p.a.
Discount rate for periods after leaving service	
Scheduled body employers *	4.7% p.a.
Ongoing Orphan employers	2.5% p.a.
Rate of pay increases	3.25% p.a.
Rate of increase to pension accounts	2.0% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% p.a.

* The scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

In addition the discount rate for orphan liabilities (i.e. where there is no scheme employer responsible for funding those liabilities) was 2.1% p.a. in service and left service.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation are set out in the actuarial valuation report.

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) Core Projections Model released with Working Paper 91 with Core assumptions

(CMI_2016_Proposed2015), with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.0	25.1
Future pensioners aged 45 at the valuation date	22.9	26.9

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
9. Since the date the valuation report was signed, there have been a number of developments in respect of the Local Government Pension Scheme (LGPS):
- **Increases to GMPs:**
HM Treasury, in its response to the consultation on Indexation and equalisation of GMPs in public sector schemes, announced an extension of the indexation of GMPs to those reaching State Pension Age on or before 5 April 2021 (previously 5 December 2018). This extension period was not allowed for in the valuation results as the actuarial valuation report was signed off in advance of this announcement, but the increase in liability is not expected to be material. In addition, on 26 October 2018 the High Court ruled in the Lloyds Banking Group case that schemes are required to equalise male and female members' benefit for the effect of unequal GMPs. Our understanding is that this will not alter HM Treasury's approach to GMP equalisation in the LGPS.
 - **Cost Management Process and McCloud Judgement:**
Legislation requires HM Treasury and the LGPS Advisory Board to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. Initial results from the Scheme Advisory Board process indicated that benefit improvements / member contribution reductions would be required. However, the cost management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sergeant) were age discriminatory; these cases could have knock on implications for the LGPS (potentially increasing the liabilities) which also had transitional arrangements when the new scheme was introduced with effect from April 2014.
10. The actuarial valuation of the Fund as at 31 March 2019 is currently underway and the Regulations require the formal report on the valuation and the Rates and Adjustments Certificate setting out employer contributions commencing from 1 April 2020 to be signed off by 31 March 2020. Asset values have increased in value since 2016, on its own leading to an improvement in the funding level due to higher than assumed investment returns. Liability values and employer contributions, as well as being affected by the items listed in paragraph 9 above, will depend upon membership factors, changes to expectations of future returns and other assumptions (including allowance for the slow-down in longevity improvements) and any changes to funding strategy made as part of the 2019 valuation.
11. This Statement has been prepared by the current Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.
- This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.
- Aon does not accept any responsibility or liability to any party other than our client, City of Bradford Metropolitan District Council, the Administering Authority of the Fund, in respect of this Statement.
12. The report on the actuarial valuation as at 31 March 2016 is available on the Fund's website at the following address:
- http://www.wyfp.org.uk/Member/Publications/Valuation/WYFP/Valuation_WYFP_Index.aspx

Note 3. Accounting policies**Basis of preparation**

The statement of accounts summarises the Fund's financial activities for the 2018/19 financial year and its financial position at year-end as at 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the Fund and report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The valuation of the present value of future benefits payable is provided by our actuary in note 12.

Contributions

Normal contributions from employers are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate. Normal contributions from members are accounted for on an accruals basis at a percentage rate outlined in the Local Government Pension Scheme Regulations

Employer deficit funding contributions are accounted for on the due dates on which they are payable.

Employers have met the indirect costs of early retirement. These costs are accounted for in the period in which the liability arises. Any amount due but unpaid will be classed as a current assets debtors.

Transfers in and out of the Fund

Transfer values represent amounts received and paid during the period. Bulk (group) transfers are accounted for on an accruals basis, these are calculated in accordance with the Local Government Pension Scheme Regulations 2013.

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Management expenses

All management expenses are accounted for on an accruals basis. The Code does not require any breakdown of pension fund management expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's preparing the annual report - Guidance for Local Government Pension Scheme (2019).

Administrative expenses

All WYPF staff are charged directly to the Fund. Associated indirect management costs and other overheads are apportioned to administrative expenses using relevant factors and charged as expenses to the Fund.

Oversight and governance costs

Associated indirect management costs and other overheads are apportioned to oversight and governance activities using relevant factors and charged as expenses to the Fund.

Investment management expenses

Fees charged by external advisors and custodian are agreed in the respective mandates governing their appointment. The custodian fees are based on the market value of the investments under their management and therefore increase or reduce as the value of the investments change. The fees of the external advisors increase by RPI on an annual basis.

The cost of the Fund's in-house investment fund management team are charged direct to investment management expense and a proportion of the Fund's management costs which represents management time spent by officers on investment management is also charged to investment management expenses.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, WYPF has opted to disclose the actuarial present value of promised retirement benefits as a note to the net assets statement (note 12).

Cash and cash equivalents

Cash comprises of cash in hand and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

Investment income**Interest income**

Interest due on fixed-interest securities, index-linked securities and short-term investments is accounted for on an accruals basis.

Property related income

Property related income is primarily rental income which is recognised on a straight line basis over the term of the lease. Lease incentives have been recognised as part of the total rental income over the term of the lease.

Dividend Income

Dividend income is recognised on the date the shares are quoted ex dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distribution from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Movement in the net market value of Investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the accounting period.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as expense as it arises.

Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date with the exception of any assets classified as amortised cost, which are stated at nominal value. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 18). For the purpose of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Additional voluntary contributions (AVCs)

West Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

The Fund has appointed Scottish Widows, Prudential and Equitable Life as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 11).

Currency translation

At the year end all foreign currency balances are translated into sterling at exchange rates ruling at the financial year-end and any gains or losses arising are treated as part of the change in market value of investments. During the year foreign currencies are transacted as follows:

- a) Proceeds of sales of foreign assets are translated into sterling at the exchange rate on the day of sale and recorded in our investment book of records in sterling and in local currency.
- b) Purchase of foreign investments are translated into sterling using the exchange rate at the time of purchase and recorded in our investment book of record as book cost in sterling and local currency.
- c) Balance of foreign currency income accounts are moved daily to capital account using the mid-market rate on the date of movement.
- d) Dividends from foreign investments are translated into sterling using the mid-market rate on the date of receipt.
- e) When currency is sold or purchased the actual trade rate is used and commissions are charged to management expense.

Acquisition costs of investments

Acquisition costs of investments are charged as revenue cost and included in investment management costs.

Netting

A financial asset and a financial liability shall be offset and the net amount presented in the Net Assets Statement when and only when, the Fund:

- a) Currently has a legally enforceable right to set off the recognised amounts,

And

- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Contingent liabilities and contractual commitments

A contingent liability arises when an event has taken place that gives the Fund 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 Fund. Contingent liabilities

also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources would be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Assets Statement but disclosed in a note 24 to the accounts.

Undrawn commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity, property and infrastructure parts of the portfolio. The amounts "called" by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Investment transactions

Investment transactions occurring up to 31 March 2019 but not settled until later are accrued in the accounts.

Note 4. Critical accounting estimates, judgements and assumptions made about the future and other major sources of estimation uncertainty

The preparation of the Fund's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Fund's accounting policies and key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Fund's results and financial position, are explained below.

a) Fair value of financial instruments

In accordance with the Code and IFRS13, the Fund categorises financial instruments carried on the net asset statement at fair value using a three-level hierarchy as disclosed in note 18. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 is determined using valuation techniques including discounted cashflow analysis and valuation models. These require management judgement and contain significant estimation uncertainty. Reliance is placed on our third parties to perform these valuations and further due diligence is performed by the Fund to maintain confidence in the data provided.

b) Retirement benefit obligations

Under IFRS the Fund is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a note in note 12 and does not comprise part of the financial statements. Significant judgement and estimates are used in formulating this information, all of which are disclosed in note 12.

c) Bulk Transfer

The final actual certificate for First West Group bulk transfer was issued on 31 March 2019. The final payment relating to this transfer was paid during the reporting period.

Note 5. Events after the Balance sheet date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period)
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

There have been no such events since 31 March 2019, and up to the date when these accounts were authorised that require any adjustments to these accounts.

Note 6. Contributions receivable by category:

Contributions from employers and employees:

2017-18 Analysis of contributions receivable £000	2018-19 £000
296,198 Employers	300,693
111,147 Members	116,256
407,345 Total contributions received	416,949

Contributions by type of employer:

2017-18 Analysis by type of employer £000	2018-19 £000
51,165 Administering Authority	52,616
315,020 Scheduled bodies	325,921
41,160 Admitted bodies	38,412
407,345 Total contributions received	416,949

Contributions are further analysed by type of contribution:

2017-18 Contributions received by type £000	2018-19 £000
281,126 Employers normal contributions	286,503
106,901 Employees normal contributions	111,366
4,246 Employees additional contributions	4,890
15,072 Employers deficit contributions	14,190
407,345 Total contributions received	416,949

Employers' contribution rates and deficit contributions

At the triennial valuation (31 March 2016) the Actuary calculated an employer rate for each employer. In addition to this some employers are also required to pay an additional monetary amount to cover any past service deficit, which is recoverable over an appropriate period.

Employees' contribution rates

Employees' contributions are as set out in the LGPS regulations from 1st April 2014, and there are several tiered employee contribution rates. For 2018/19 the rates start at 5.5% payable by employees with salaries up to £14,100 a year, and the highest rate is 12.5% to be paid on salaries over £157,801 a year. (For 2017/18 the rates started at 5.5% payable by employees with salaries up to £13,700, and the highest rate was 12.5% paid on salaries exceeding £153,300).

Note 7. Transfers in

2017-18 Transfers in from other pension funds £000	2018-19 £000
38,267 Individual transfers in from other schemes	26,491
3,503 Bulk transfer in from other schemes	0
41,770 Total transfers in	26,491

Note 8. Non-statutory pensions and pensions increase recharged

2017-18 Non-statutory pensions and pensions increase recharged £000	2018-19 £000
22,129 Pensions	21,938

The costs of added years granted by participating employers for early retirement together with associated inflation proofing costs are reimbursed to the Fund, by the employer, out of current revenues.

Costs of annual inflation proofing for non-participating employers are also recharged.

Note 9. Benefits payable

2017-18	Analysis of benefits payable	2018-19
£000		£000
	Funded pensions	
-351,375	Retired employees	-364,464
-29,487	Dependants	-29,981
	Funded lump sums	
-90,418	On retirement	-99,393
-14,528	On death	-12,623
-485,808	Total Benefits Payable	-506,461

The total benefits payable are further analysed by type of member body.

2017-18	Analysis of benefits payable by member body	2018-19
£000		£000
-72,823	Administering Authority	-78,697
-356,168	Scheduled bodies	-376,385
-54,530	Admitted bodies	-51,245
-2,287	Other interested bodies with no pensionable employees	-134
-485,808	Total benefits payable	-506,461

For participating employers, all basic pensions plus the costs of annual inflation proofing are met from the assets of the fund.

Note 10. Payments to and on account of leavers

2017-18	Payments to and on account of leavers	2018-19
£000		£000
-1,852	Refund of contributions	-1,581
-28,116	Individual transfers out to other schemes	-23,513
-450,769	Bulk transfers out to other schemes	-15,351
-480,737	Total transfers out	-40,445

In 2017/18 a partial bulk transfer of £150m was made in respect of First Group West Yorkshire (Firstbus) assets transfer to Greater Manchester Pension Fund (GMPF); a provision of £300m was made for the remaining value of assets. The remaining bulk transfer value relating to First Group West Yorkshire (Firstbus) payable to GMPF was paid during 2018/19 financial reporting year.

Note 11. AVC scheme with Equitable Life, Scottish Widows and Prudential

The Fund provides an AVC Scheme for its contributors, the assets of which are invested separately from the main Fund. The scheme providers are Equitable Life Assurance, Scottish Widows and Prudential, whereby additional benefits are secured on a money purchase basis for those contributors electing to pay additional voluntary contributions. As advised by the three companies the amounts administered under AVC arrangements are as follows:

2017-18	Additional voluntary contributions	2018-19
£000		£000
28,291	Value of funds at 1 st April	31,926
5,862	Contributions received	6,207
218	Transfers and withdrawals	26
2,212	Interest and bonuses / change in market value of assets	1,812
-4,657	Sale of investments to settle benefits due to members	-6,001
31,926	Value of fund at 31st March	33,970

The aggregate amounts of AVC investments are:-

2017-18	AVC investments	2018-19
£000		£000
2,324	Equitable Life	1,898
16,177	Prudential	19,126
13,425	Scottish Widows	12,946
31,926	Total	33,970

Note 12. Actuarial present value of promised retirement benefits**Introduction**

The Fund is part of the Local Government Pension Scheme and under IAS 26 it is required to disclose the actuarial present value of promised retirement benefits across the Fund as a whole.

The Fund provides defined benefits, which for membership to 31st March 2014, are based on members' Final Pensionable Pay. The required valuation is carried out by the Fund Actuary, Aon Hewitt using assumptions derived in the same way as those recommended for individual participating employers reporting pension liabilities under IAS 19. This approach results in a different valuation of liabilities than at triennial funding valuation. The information set out below relates to actuarial present value of the promised retirement benefits in the Fund.

Actuarial present value of promised retirement benefits

Paragraph 6.5.2.8 of CIPFA's Code of Practice on local authority accounting for 2018/19 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

Due to a significant bulk transfer to Greater Manchester Pension Fund (GMPF) for First Group West Yorkshire the Actuarial present value of promised retirement benefits was updated as at 31 March 2018 together with the results as at 31 March 2013 and 31 March 2016 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

	Value as at 31 March 2018 £M	Value as at 31 st March 2016 £M	Value as at 31 st March 2013 £M
Fair value of net assets	13,511.9	11,211.0	9,940.3
Actuarial present value of the promised retirement benefits	18,077.5	14,085.4	12,259.3
Surplus / (deficit) in the Fund as measured for IAS26 purposes	-4,565.6	-2,874.4	-2,319.0

Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31st March 2016. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

	31 st March 2018 (%pa)	31 st March 2016 (% p.a.)	31 st March 2013 (% p.a.)
Discount rate	2.60	3.40	4.50
RPI Inflation	3.20	2.90	3.40
CPI Inflation *	2.10	1.80	2.40
Rate of general increase in salaries **	3.35	3.05	3.90

* In excess of Guaranteed Minimum Pension increases in payment where appropriate

** In addition, we have allowed for the same age-related promotional salary scales as used at the actuarial valuation of the Fund as at the appropriate date

The assumptions to which the actuarial present value of promised retirement benefits are most sensitive are the discount rate, net of pay and pension increases, and the longevity improvement assumption.

Principal demographic assumptions

Post retirement mortality	31 March 2016 & 31 March 2018	31 March 2013
Males		
Base table	Standard SAPS S2 All Pensioners (S2PMA)	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table *	0	0
Scaling to above base table rates **	105% for current male pensioners 115% for future male pensioners	105%
Allowance for future improvements	Proposed CMI Mortality Projections Model released with Working Paper 91 with Core assumptions ("CMI_2016_Proposed2015") together with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long-term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (currently aged 65)	22.0 at 31 March 2016 22.1 at 31 March 2018	22.5
Future lifetime from age 65 (currently aged 45)	22.9 at 31 March 2016 23.1 at 31 March 2018	24.7
Females		
Base table	Standard SAPS S2 All Pensioners (S2PFA)	Standard SAPS Normal Health All Amounts tables (S1NFA)
Rating to above base table *	0	0
Scaling to above base table rates **	90% for current female pensioners 90% for future female pensioners	100%
Allowance for future improvements	Proposed CMI Mortality Projections Model released with Working Paper 91 with Core assumptions ("CMI_2016_Proposed2015") together with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long-term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (currently aged 65)	25.1 at 31 March 2016 25.3 at 31 March 2018	25.4
Future lifetime from age 65 (currently aged 45)	26.9 at 31 March 2016 27.1 at 31 March 2018	27.7

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

** The scaling factors shown apply to normal health retirements.

	31 st March 2016	31 st March 2013
Commutation	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

Note 13. Management Expenses

2017-18 Management expenses £000	2018-19 £000
-3,992 Administration costs	-4,424
-5,820 Investment Management expenses	-4,800
-547 Oversight and Governance	-782
-10,359 Total administrative expenses	-10,006

This analysis of the costs of managing West Yorkshire Pension Fund during the accounting period has been prepared in accordance with CIPFA guidance. The Investment management expenses above includes -£87k in respect of performance-related fees paid (2017/18 -£65k) and also a statutory audit fee of -£38k (2017/18 -£48k). No other fees have been paid to the external auditor. Transaction costs are included to comply with CIPFA guidance. The cost associated with the setting up of the Northern LGPS that relate specifically to WYPF are included within the administration costs above, the costs for the 2018/19 reporting period are £123k.

Note 14. Investment expenses

2017-18 Investment expenses £000		2018-19 £000
-2,702	Internal management costs	-3,482
-2,558	Transaction costs	-724
-560	Custody fees	-594
-5,820	Total	-4,800

Transaction costs are included to comply with CIPFA guidance.

Note 15. Investment income

2017-18 Investment income £000		2018-19 £000
43,895	Income from bonds	50,467
317,757	Dividends from equities	357,247
3,323	Income from index-linked securities	3,482
25,673	Income from pooled funds	24,462
456	Income from Direct Property	336
1,011	Interest on cash deposits	2,591
392,115	Total Investment income	438,585

Note 16. Direct Property Holdings

2017-18 £000	Investment expenses	2018-19 £000
7,000	Opening balance	7,250
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
250	Net Increase/ decrease in market value	0
0	Other changes in fair value	0
7,250	Closing value	7,250

Note 17. Investments

Movement in the value of investments in 2018-19

	Opening value at 1 st April 2018 £000	Purchases costs £000	Sales proceeds £000	Change in Market value £000	Closing value at 31 st March 2019 £000
Northern LGPS assets	0	261	0	0	261
Bonds	1,374,768	271,683	-134,289	71	1,512,233
Equities	9,999,549	663,992	-690,909	442,372	10,415,004
Index-linked securities	659,866	40,507	-43,981	23,132	679,524
Pooled Funds	1,466,773	63,322	-152,507	9,535	1,387,123
Direct Property	7,250	0	0	0	7,250
Cash deposits	263,630	1,356,343	-1,351,873	1,142	269,242
Cash at bank	33,482	0	-8,221	0	25,261
Other investment Debtors	42,528	6,032	0	0	48,560
Other investment Creditors	-11,182	0	-4,174	0	-15,356
Total investments	13,836,664	2,402,140	-2,385,954	476,252	14,329,102

Comparative movements in the value of investments for 2017-18

	Opening Value at 01 st April 2017 £000	Purchases Cost £000	Sales Proceeds £000	Change in Market Value £000	Closing Value at 31 March 2018 £000
Northern LGPS assets	0	0	0	0	0
Bonds	1,212,644	272,245	-163,716	53,595	1,374,768
Equities	9,926,738	608,677	-560,809	24,943	9,999,549
Index-linked Securities	656,523	143,817	-61,912	-78,562	659,866
Pooled Funds	1,600,718	72,893	-281,119	74,281	1,466,773
Direct Property	7,000	0	0	250	7,250
Cash Deposits	136,580	127,050	0	0	263,630
Cash at bank	32,549	933	0	0	33,482
Other Investment Debtors	37,934	4,594	0	0	42,528
Other investment Creditors	-5,873	0	-5,309	0	-11,182
	13,604,813	1,230,209	-1,072,865	74,507	13,836,664

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. A further analysis of the asset split between overseas and UK can be found in note 23.

a. Analysis of investments by security type

Restated 2017-18 £000	Analysis of investments closing market values	2018-19 £000
	0 Northern LGPS Assets- Equities	261
	Bonds:	
872,138	Public sector quoted	1,015,340
500,339	Other quoted	494,734
2,291	Unquoted	2,159
1,374,768		1,512,233
	Equities:	
8,857,603	Quoted	9,055,277
1,141,946	Unquoted	1,359,727
9,999,549		10,415,004
	Index linked securities:	
659,866	Quoted	679,524
659,866		679,524
	Pooled investment vehicles:	
	Hedge funds	
991	Quoted	648
126,571	Unquoted	91,300
127,562		91,948
	Property	
297,921	Quoted	274,541
308,524	Unquoted	356,494
606,445		631,035
732,766	Other quoted	664,140
7,250	Direct Property	7,250
263,630	Cash Deposits :Sterling	269,242
33,482	Cash at bank	25,261
42,528	Other Investment assets	48,560
-11,182	Other Investment liabilities	-15,356
13,836,664	Total	14,329,102

2017-18 figures for cash have been restated to include all cash at bank

b. Stock Lending

2017-18 Analysis of stock lending		2018-19	
£000		£000	
121	Income	- Bonds	243
1,136		- UK equities	701
2,352		- International equities	2,437
-106	Expenditure		-102
3,503	Total		3,279

As at 31 March 2019, £2.6bn of stock was on loan to market makers (31 March 2018, £1.6bn) and this was covered by collateral totalling £2.7bn (31 March 2018, £1.7bn) which includes an appropriate margin. The collateral was comprised of UK & International Government Bonds £1.8bn, (31 March 2018 £994.3m). International Equities, £704.0m, (31 March 2018, £530.7m) and UK Equities, £268.0m, (31 March 2018, £233.1m). All our securities out on loan are fully indemnified by HSBC our custodian.

Note 18 .Fair Value – Basis of valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Market quoted equities	Level 1	Listed investments are shown at bid prices. The bid value of the investments is based on the bid market quotation of the relevant stock exchange.	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investment-overseas unit trusts and quoted property funds	Level 2	Closing bid price where bid and offer prices are published - closing single price where single price is published. Valuations for Property Funds are provided by Fund managers and where available closing bid price is used.	NAV - based pricing set on a forward pricing basis	Not required
Pooled Investments - hedge funds and unquoted property funds	Level 3	Closing bid price where bid and offer prices are published - closing single price where single price is published	These are based on the net asset values provided by the fund managers. Values are normally received by West Yorkshire Pension Fund 30 days after the month end to which they relate. The values reported in the financial statements are therefore based on February month end values, adjusted according to estimates of investment fund performance in March, as informed by fund managers. We gain assurance over valuations provided by fund managers by comparing valuations to funds' audited accounts' Net Asset Values.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end by CBRE independent valuers- in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Standards and the RICS Valuation – Professional Standards UK January 2014 (revised July 2017) ("The Red Book").	Existing lease terms - Independent market research - Nature of tenancies - Estimated growth - assumed vacancy levels - discount rate	Changes in rental growth, vacancy levels or discount rates could affect valuations as could changes to market prices
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	These are based on valuations provided by the general partners to the private equity funds in which West Yorkshire Pension Fund has invested. They are prepared in	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
			accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are performed annually and mainly as at the end of December. Cashflow adjustments are used to roll forward the valuations to 31 March as appropriate	reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described in the table above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31st March 2019.

	Assessed valuation range (+/-)	Value at 31 March 2019 £m	Value on increase £m	Value on decrease £m
Pooled investments - hedge funds	10%	91.9	101.1	82.7
Property Funds	10%	356.5	392.2	320.9
Private equity	15%	1,359.7	1,563.7	1,155.8
Total		1,808.1	2057.0	1,559.4

	Assessed valuation range (+/-)	Value at 31 March 2018 £m	Value on increase £m	Value on decrease £m
Pooled investments - hedge funds	10%	127.6	140.4	114.8
Property Funds	10%	574.3	631.7	516.8
Private equity	15%	1,141.9	1,313.2	970.7
		1,843.8	2,085.3	1,602.3

Financial instruments – valuation

Valuation of financial assets carried at fair value.

The valuations of financial assets have been classified into three levels according to the quality and reliability of information used to determine the fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Financial assets classified as level 1 comprise quoted equities, quoted bonds (fixed interest securities), quoted index linked securities and unit trusts.

Level 2

Level 2 valuations are those where quoted market prices are not available, for example where the financial asset is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Financial asset classified as level 2 are quoted property funds.

Level 3

Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds or unquoted property funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The table below provides an analysis of the financial assets and liabilities of the Fund that are carried at fair value in the Fund's Net Asset Statement, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

	31 st March 2019			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Financial assets				

Financial assets at fair value through profit & loss	11,245	941	1,808	13,994
Financial assets at amortised cost	395	0	0	395
Total financial assets	11,640	941	1,808	14,389
Financial liabilities				
Financial liabilities at amortised cost	-33	0	0	-33
Total financial liabilities	-33	0	0	-33

Valuation hierarchy as at 31st March 2018

	31 st March 2018			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Financial assets				
Financial assets at fair value through profit & loss	11,623	35	1,844	13,502
Loans and receivables	390	0	0	390
Total financial assets	12,013	35	1,844	13,892
Financial liabilities				
Financial liabilities at amortised cost	-332	0	0	-332
Total financial liabilities	-332	0	0	-332

Note 19. Financial instruments – classification

The following table analyses the carrying amounts of the financial assets and liabilities by category and by net asset statement heading as at 31st March 2019. The table also includes Direct Property (non-financial instrument) for completeness.

Financial Assets	Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total financial instruments
	£000	£000	£000	£000
Northern LGPS Assets	261	0	0	261
Bonds	1,512,233	0	0	1,512,233
Equities	10,415,004	0	0	10,415,004
Index-linked securities	679,524	0	0	679,524
Pooled investment vehicles	1,387,123	0	0	1,387,123
Direct Property	7,250	0	0	7,250
Cash deposits (Investments)	0	269,242	0	269,242
Cash balances	0	25,261	0	25,261
Other investment balances	0	48,560	0	48,560
Debtors	0	51,814	0	51,814
Total financial assets	13,994,145	394,877	0	14,396,272
Financial Liabilities				
Other investment balances	0	0	-15,356	-15,356
Creditors	0	0	-17,875	-17,875
Total financial liabilities	0	0	-33,231	-33,231
Total	13,994,145	394,877	-33,231	14,355,791
Non-Financial instrument assets				
Direct Property	7,250	0	0	7,250

Total	14,001,395	394,877	-33,231	14,363,041
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All net gains or losses on financial instruments are on those instruments classified as financial assets at fair value through profit or loss

Comparative of Financial instrument classification as at 31st March 2018

	Fair value through profit & loss	Loans and receivables	Financial liabilities at amortised cost	Total financial instruments
	£000	£000	£000	£000
Financial Assets				
Northern LGPS Assets	0	0	0	0
Bonds	1,374,768	0	0	1,374,768
Equities	9,999,549	0	0	9,999,549
Index-linked securities	659,866	0	0	659,866
Pooled investment vehicles	1,466,773	0	0	1,466,773
Direct Property	7,250	0	0	7,250
Cash deposits (Investments)	0	263,630	0	263,630
Cash balances	0	33,482	0	33,482
Other investment balances	0	42,528	0	42,528
Debtors	0	50,417	0	50,417
Total financial assets	13,500,956	390,057	0	13,891,013
Financial Liabilities				
Other investment balances	0	0	-11,182	-11,182
Creditors	0	0	-320,448	-320,448
Total financial liabilities	0	0	-331,630	-331,630
Total	13,500,956	390,057	-331,630	13,559,383
Non-Financial instrument assets				
Direct Property	7,250	0	0	7,250
	13,508,206	390,057	-331,630	13,566,633

All net gains or losses on financial instruments are on those classified as financial assets at fair value through profit or loss.

The accounting standards for financial instruments have changed between financial years. In 2017-18 the accounting standard was International Accounting Standard 39 (IAS39), and in 2018-19 the accounting standard is International Financial Reporting Standard 9. The change in accounting standards has not changed the treatment of the Fund's financial instruments, but financial assets classified as loans and receivables under IAS39 are classified as financial assets at amortised cost under IFRS9.

Note 20. Current assets

2017-18	Current assets (Debtors)	2018-19
£000		£000
	Debtors	
28,336	Contributions due from employees and employers	28,598
22,081	Other debtors	23,216
50,417	Total current assets	51,814

Note 21. Current liabilities

2017-18	Current liabilities	2018-19
£000		£000
	Creditors	
-9,778	Unpaid benefits	-8,762
-310,670	Other current liabilities	-9,113
-320,448	Total current liabilities	-17,875

Note 22. Related party transactions

In accordance with IAS24 Related Party Disclosures, material transactions with related parties not disclosed elsewhere are detailed below.

Administering body

Bradford Metropolitan District Council is a related party in its role as the Administering Authority for West Yorkshire Pension Fund. In 2018/19, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £451,749 in respect of support services provided (£421,866 in 2017/18). The support costs include a full year support for financial, payroll, HR, legal, internal audit and information technology services.

Employers

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in note 27 of this report. Contributions in respect of March 2019 payroll are included within the debtors figure in note 20.

Members

The Metropolitan Councils of Bradford, Leeds, Kirklees, Wakefield and Calderdale appoint a number of members to the Investment Advisory Panel and the Joint Advisory Group. Six of these members are in receipt of pension benefits from the Fund.

There have been no material transactions between any member or their families and the Pension Fund.

Key management personnel

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with City of Bradford Metropolitan District Council, for the supply of goods or services to the Fund.

IAS 24 requires entities to disclose key management personnel compensation. The Fund has identified key management personnel as the Director West Yorkshire Pension Fund and the Chief Executive of Bradford Council. The combined compensation for these officers, attributable to West Yorkshire Pension Fund, is £125,730 (2017/18 £123,420). Details of the remuneration for these two posts are included in Note 33 of the City of Bradford Metropolitan District Council's statement of accounts.

The Fund has an investment in Montanaro European Smaller Companies Fund plc, which at 31st March 2019 was valued at £14.08m (£13.14m 31st March 2018), and has an original cost of £4.9m. Rodney Barton, the Director, West Yorkshire Pension Fund, is a non-executive director of Montanaro European Smaller Companies Fund plc. for which he is paid a fee.

Note 23. Nature and extent of risks arising from financial instruments**Risk and risk management**

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension Fund risk management programme.

The management of risk is set out in the Fund's Statement of Investment Principles, which in turn is driven by the Funding Strategy Statement. The full text of these statements can be found at the end of this document and also at www.wyypf.org.uk

The Investment Principles are managed by the Investment Advisory Panel, whose responsibility it is to ensure that the Fund's investment portfolio, which is managed in-house, agrees with policy and strategy with regard to asset allocation.

The Fund routinely monitors all risks in accordance with the Fund's risk management strategy.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund's equity holdings are spread across more than 900 UK companies, and almost 800 overseas companies, and a range of unit trusts and managed Funds.

Risk is controlled by reviewing on a continuous basis the risk attached to the Fund's asset allocation relative to the fund-specific benchmark, to ensure that any major divergence from the benchmark is acceptable.

Custodian risk is controlled through continuous monitoring and periodic review of the custodial arrangements.

Risk is also monitored in relation to the funding position of the Fund and the investment requirements that flow from it, in conjunction with the Fund's actuary.

Counter-party and cash management risk is controlled by the in-house investment management team through the setting of appropriate limits for exposure with any individual organisation.

b) Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short is unlimited.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund's investment strategy.

Price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. Riskier assets such as equities will display greater potential volatility than bonds for example, so the overall outcome will depend largely on asset allocation. The Fund has determined that the following movements in market price risk are reasonably possible for the 2018/19 reporting period.

Asset type	2018-19	2017-18
	Potential market movement +/- (%pa)	Potential market movement +/- (%pa)
UK Corporate bonds	4.4	4.6
UK Equities	6.8	8.0
UK Public sector bonds	6.6	6.4
UK Index-Linked	8.0	7.8
UK Properties	0.6	0.4
Direct Property	1.4	0.4
Overseas Corporate bonds	8.8	8.9
Overseas Equities	5.7	7.0
Overseas Public sector Bonds	8.8	8.9
Overseas Index linked	8.8	8.9
Overseas Properties	1.4	0.4
Alternatives (universe)	0.6	1.9
Cash	0.4	0.3
Cash at bank	0.4	0.3

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years.

This can then be applied to the period end asset mix as follows:

Asset type	Value as at 31st March 2019	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
UK Corporate bonds	436,024	4.4	455,209	416,839
UK Equities	5,895,902	6.8	6,296,823	5,494,981
UK Public sector bonds	821,334	6.6	875,542	767,126
UK Index-Linked	609,200	8.0	657,936	560,464
UK Properties	541,302	0.6	544,550	538,054
Direct Property	7,250	1.4	7,352	7,149
Overseas Corporate bonds	60,869	8.8	66,225	55,513
Overseas Equities	4,519,363	5.7	4,776,967	4,261,759
Overseas Public sector Bonds	194,006	8.8	211,079	176,933
Overseas Index linked	70,324	8.8	76,513	64,135
Overseas Properties	89,733	1.4	90,989	88,477
Alternatives (universe)	756,088	0.6	760,625	751,551
Cash	269,242	0.4	270,319	268,165
Cash at bank	25,261	0.4	25,362	25,160
Other investment assets	48,560	0.0	48,560	48,560
Other investment liabilities	-15,356	0.0	-15,356	-15,356
Total Investment Assets	14,329,102		15,148,694	13,509,510

Asset type	Value as at 31st March 2018	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
UK Corporate bonds	451,327	4.6	472,088	430,566
UK Equities	5,421,085	8.0	5,854,772	4,987,398
UK Public sector bonds	682,383	6.4	726,056	638,710
UK Index-Linked	592,061	7.8	638,242	545,880
UK Properties	520,654	0.4	522,737	518,571
Direct Property	7,250	0.4	7,279	7,221
Overseas Corporate bonds	51,303	8.9	55,869	46,737
Overseas Equities	4,575,224	7.0	4,895,490	4,254,958
Overseas Public sector Bonds	189,754	8.9	206,642	172,866
Overseas Index linked	67,805	8.9	73,840	61,770
Overseas Properties	85,790	0.4	86,133	85,447
Alternatives (universe)	863,570	1.9	879,978	847,162
Cash	263,630	0.3	264,421	262,839
Cash at bank	33,482	0.3	33,582	33,382
Other investment assets	42,528	0.0	42,528	42,528
Other investment liabilities	-11,182	0.0	-11,182	-11,182
Total Investment Assets	13,836,664		14,748,475	12,924,853

c) Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2019 and 31 March 2018 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

31 st March 2018	Asset type	31 st March 2019
£000		£000
1,374,768	Bonds	1,512,233
263,630	Cash deposits	269,242
33,482	Cash balances	25,261
1,671,880	Total	1,806,736

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. The assumed interest rate volatility is 100 basis point (BPS) per annum.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset type	Value as at 31 March 2019	Value Increase		Value decrease	
		+100BPS	-100BPS	+100BPS	-100BPS
	£000	£000	£000	£000	£000
Bonds	1,512,233	15,122	-15,122		
Cash deposits	269,242	2,692	-2,692		
Cash balances	25,261	253	-253		
Total change in assets available	1,806,736	18,067	-18,067		

Asset type	Value as at 31 March 2018	Value Increase		Value decrease	
		+100BPS	-100BPS	+100BPS	-100BPS
	£000	£000	£000	£000	£000
Bonds	1,374,768	13,748	-13,748		
Cash deposits	263,630	2,636	-2,636		
Cash balances	33,482	335	-335		
Total change in assets available	1,671,880	16,719	-16,719		

d) Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The following tables summarise the Fund's currency exposure as at 31 March 2019 and 31 March 2018:

Currency exposure - asset type	Value as at 31 st March 2019	Value as at 31 st March 2018
	£000	£000
Overseas quoted bonds	254,874	241,058
Overseas unquoted bonds	0	0
Overseas quoted equities	4,518,887	4,571,785
Overseas unquoted equities	476	6,681
Overseas quoted index linked securities	70,324	67,805
Overseas unit trusts	492,508	554,943
Overseas Property funds	89,733	85,790

Total overseas assets	5,426,802	5,528,062
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Currency risk – sensitivity analysis

Following analysis of historical data the Fund considers the likely volatility associated with foreign exchange rate movements to be 6.0%, (2017/18 6.0%).

A 6.0% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Asset type	Value as at 31 st March 2019 £000	Value on increase £000	Value on decrease £000
Overseas quoted bonds	254,874	270,166	239,582
Overseas unquoted bonds	0	0	0
Overseas quoted equities	4,518,887	4,790,020	4,247,754
Overseas unquoted equities	476	505	447
Overseas quoted index linked securities	70,324	74,543	66,105
Overseas unit trusts	492,508	522,058	462,958
Overseas Property funds	89,733	95,117	84,349
Total overseas assets	5,426,802	5,752,410	5,101,194

Asset type	Value as at 31 st March 2018 £000	Value on increase £000	Value on decrease £000
Overseas quoted bonds	241,058	255,521	226,594
Overseas unquoted bonds	0	0	0
Overseas quoted equities	4,571,785	4,846,092	4,297,477
Overseas unquoted equities	6,681	7,082	6,280
Overseas quoted index linked securities	67,805	71,873	63,736
Overseas unit trusts	554,943	588,239	521,646
Overseas Property funds	85,790	90,938	80,643
Total overseas assets	5,528,062	5,859,745	5,196,376

e) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge 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. In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The credit risk connected with stock lending is managed by holding collateral with a greater value than the amount of stock lent out at any one time. In addition the Fund is fully indemnified by HSBC Securities on stock lending activities. Stock lending and the associated collateral at the year-end are detailed in note 17.

f) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure there are adequate cash resources available to meet its commitments. This will particularly be the case for cash, from the cashflow matching mandates from the main investment strategy to meet pensioner payroll costs, and also cash to meet investment commitments.

Note 24. Contractual commitments

At 31 March 2019 the West Yorkshire Pension Fund had the following un-drawn commitments

Investment value at 31 st March 2019 £m	Un-drawn commitments £m

Private equity	1,359.7	787.9
Property funds	631.0	76.4
Total	1,990.7	864.3

At 31st March 2018 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31 st March 2018 £m	Un-drawn commitments £m
Private equity	1,141.9	778.7
Property funds	606.5	53.4
Total	1,748.4	832.1

Note 25. Accounting Developments

The following accounting standards have been issued and are applicable for accounting period starting on or after January 2018.

The fund complies with the following new accounting developments:

IFRS 9 Financial Instruments (replacement of IAS 39)

The International Accounting Standards Board completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 Financial Instruments in July 2014.

Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit or loss (FVTPL).

IAS 40 Investment Property

The changes are in relation to transfers of investment property.

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

And

The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

IFRIC 22 Foreign Currency Transactions and Advance Consideration issued

The interpretation addresses foreign currency transactions or parts of transactions where:

- There is consideration that is denominated or priced in a foreign currency.
- The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income.
- The prepayment asset or deferred income liability is non-monetary.

Consensus

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The following new accounting developments have minimal impact on the fund:

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

IFRS 2 Share-based Payment

IFRS 2 Requires an entity to recognise share-based payment transactions (such as granted shares, share options, or share appreciation rights) in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

IFRS 1 First-time Adoption of International Financial Standards

Removal of short term exemptions and clarity on exemptions granted for "IFRS 12 Disclosure of Interests in Other Entities" and "IAS 28 Investments in Associates and Joint Ventures".

Note 26. Investment Strategy Statement

The West Yorkshire Pension Fund has prepared an Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013. Full details of the ISS and the FSS are included in the West Yorkshire Pension Fund Annual Report and Accounts. A copy is also available on the Fund's website www.wyypf.org.uk.

Note 27. List of Participating Employers Contributing to the Fund

In 2018/19 471 employers paid contributions into the Fund, at the end of the year there were 430 employers with active members.

BRADFORD M.D.C
LEEDS CITY COUNCIL
CALDERDALE M.B.C
KIRKLEES M.C
WAKEFIELD M.D.C
 ABBEY M A T (BISHOP YOUNG C OF E ACADEMY)
 ABBEY M A T (MANSTON ST JAMES ACADEMY)
 ABBEY MULTI ACADEMY TRUST
 ABSOLUTELY CATERING LIMITED (BATLEY MAT)
 ABSOLUTELY CATERING LTD (BGS)
 ACCORD MULTI ACADEMY TRUST
 ACKWORTH PARISH COUNCIL
 ACTION FOR CHILDREN (BRADFORD COUNCIL)
 ACTIVE CLEANING LTD (CROFTON ACADEMY)
 ADDINGHAM PARISH COUNCIL
 ADEL ST JOHN THE BAPTIST C E (V A) PRIMARY SCHOOL
 AFFINITY TRUST
 AIREBOROUGH LEARNING PARTNERSHIP TRUST
 ALL SAINTS C E J & J SCHOOL
 ALL SAINTS RICHMOND HILL CHURCH OF ENGLAND PRIMARY SCHOOL
 ALWOODLEY PARISH COUNCIL
 AMEY COMMUNITY LTD BRADFORD BSF PHASE 2 FM SERVICE
 AMEY COMMUNITY LTD FM SERVICES
 AMEY INFRASTRUCTURE SERVICES LTD (WAKEFIELD)
 ARAMARK LIMITED
 ARCADIS (UK) LTD
 ARTS COUNCIL ENGLAND
 ASPENS SERVICES LTD
 ASPENS SERVICES LTD (APPLETON ACADEMY)
 ASPENS SERVICES LTD (LEEDS WEST ACADEMY)
 ASPENS SERVICES LTD (OASIS ACADEMY)
 ASPIRE COMMUNITY BENEFIT SOCIETY LTD
 ASPIRE-I
 ASPIRE-IGEN LTD
 B B G ACADEMY
 BAILDON TOWN COUNCIL
 BARDSEY PRIMARY FOUNDATION SCHOOL
 BARNARDOS (LEEDS PORTAGE)
 BARNARDOS ASKHAM GRANGE PRISON
 BASKETBALL ENGLAND
 BATLEY GRAMMAR FREE SCHOOL
 BATLEY MULTI ACADEMY TRUST
 BECKFOOT TRUST
 BEESTON HILL ST LUKES C E PRIMARY SCHOOL
 BEESTON PRIMARY TRUST
 BELLE ISLE TENANT MANAGEMENT ORG
 BID SERVICES
 BINGLEY GRAMMAR SCHOOL
 BIRSTALL PRIMARY ACADEMY
 BLESSED CHRISTOPHER WHARTON ACADEMY TRUST
 BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (CALDERDALE)
 BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (KIRKLEES)
 BOLTON BROW PRIMARY ACADEMY
 BOOTHROYD PRIMARY ACADEMY
 BOSTON SPA SCHOOL
 BRADFORD ACADEMY
 BRADFORD COLLEGE
 BRADFORD DIOCESAN ACADEMIES TRUST
 BRADFORD DISTRICT CREDIT UNION
 BRADSHAW PRIMARY SCHOOL
 BRAMLEY PARK ACADEMY
 BRAMLEY ST PETERS C OF E SCHOOL
 BRIGHOUSE ACADEMY
 BRIGHTER FUTURES ACADEMY TRUST
 BRIGSHAW LEARNING PARTNERSHIP
 BRITISH GAS SOCIAL HOUSING LTD
 BRODETSKY JEWISH (V A) PRIMARY SCHOOL
 BRONTE ACADEMY TRUST
 BROOKSBANK SCHOOL SPORTS COLLEGE
 BULLOUGH CONTRACT SERVICES (BINGLEY GRAMMAR SCHOOL)
 BULLOUGH CONTRACT SERVICES (LEEDS CITY COLLEGE)
 BULLOUGH CONTRACT SERVICES LTD (BRIGHOUSE ACADEMY)
 BURLEY PARISH COUNCIL
 BURNLEY ROAD ACADEMY
 C AND K CAREERS LTD
 CAF/CASS
 CALDERDALE COLLEGE
 CALVERLEY C OF E PRIMARY SCHOOL
 CARDINAL HEENAN CATHOLIC HIGH SCHOOL
 CARE QUALITY COMMISSION
 CARROLL CLEANING CO LTD (LAPAGE PRIMARY SCHOOL)
 CARROLL CLEANING CO LTD (LEE MOUNT PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY (NESSFIELD PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY LIMITED (FRIZINGHALL)
 CARROLL CLEANING COMPANY LIMITED (MOORSIDE PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY LIMITED (THORNBURY)
 CARROLL CLEANING COMPANY LTD (BIRKENSHAW PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY LTD (EAST GARFORTH PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY LTD (HOLY TRINITY PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY LTD (PEEL PARK PRIMARY SCHOOL)
 CARROLL CLEANING COMPANY LTD (WAKEFIELD)
 CARROLL CLEANING COMPANY LTD (WHETLEY)
 CASTLE HALL ACADEMY
 CASTLEFORD ACADEMY
 CATERLINK (GROVE LEA PRIMARY SCHOOL)
 CATERLINK LIMITED (BROADGATE PRIMARY SCHOOL)
 CATERLINK LIMITED (IRELAND WOOD PRIMARY SCHOOL)
 CATERLINK LTD (CRIGGLESTONE ST JAMES PRIMARY ACADEMY)
 CATHOLIC CARE
 CBRE MANAGED SERVICES LIMITED
 CHIEF CONSTABLE FOR WEST YORKSHIRE
 CHILL CONTRACT SERVICES (B B G ACADEMY)

CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE SECURITIES) ACADEMIES TRUST
 CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE) EXCEED ACADEMIES TRUST (APPLETON ACADEMY)
 CHURCHILL CONTRACT SERVICES (SHARE MAT) FEATHERSTONE ACADEMY
 CLAPGATE PRIMARY SCHOOL FEVERSHAM EDUCATION TRUST
 CLAYTON PARISH COUNCIL FEVERSHAM PRIMARY ACADEMY
 COALFIELDS REGENERATION TRUST FIELDHEAD JUNIOR INFANT AND NURSERY ACADEMY
 COCKBURN MULTI ACADEMY TRUST FLEET FACTORS LTD
 COLLABORATIVE LEARNING TRUST FOXHILL PRIMARY SCHOOL
 COLLINGHAM LADY ELIZABETH HASTINGS GOLCAR JUNIOR INFANTS AND NURSERY SCHOOL
 COMMUNITY ACCORD GREENHEAD SIXTH FORM COLLEGE
 COMPASS (LEEDS PFI SCHOOLS) GROUNDWORK LEEDS
 COMPASS CONTRACT SERVICES (GREEN LANE) GROUNDWORK WAKEFIELD
 COMPASS CONTRACT SERVICES (LAISTERDYKE) HALIFAX OPPORTUNITIES TRUST (CALDERDALE)
 COMPASS CONTRACT SERVICES (NORTHERN EDUCATION TRUST) HATTON SCHOOL
 COMPASS CONTRACT SERVICES (PARK VIEW & EAST GARFORTH) HATTON PRIMARY SCHOOL
 COMPASS CONTRACT SERVICES (ST JOHN FISHERS) HAWKSWORTH C E (VA) PRIMARY SCHOOL
 COMPASS CONTRACT SERVICES (UK) (PONTEFRAC TOWN COUNCIL) HEDDERLEY TOWN COUNCIL
 COMPASS CONTRACT SERVICES (UK) LTD HECKMONDWIKE GS ACADEMY TRUST
 COMPASS CONTRACT SERVICES (UK) LTD (CHARTWELL) HEMSWORTH TOWN COUNCIL
 COMPASS CONTRACT SERVICES (UK) LTD (SHARE MAT) HEPWORTH GALLERY TRUST
 COMPASS CONTRACT SERVICES (UK) LTD (SPTA) HF TRUST LIMITED
 COMPASS CONTRACT SERVICES (WESTBOROUGH HIGH SCHOOL) HOLLINGWOOD FIRST SCHOOL
 COMPASS CONTRACT SERVICES (WHETLEY ACADEMY) HOLLY BANK TRUST
 COMPASS CONTRACT SERVICES LTD (MANOR CROFT) HOLME VALLEY PARISH COUNCIL
 CONSULTANT CLEANERS LIMITED (W Y FIRE) HOLY FAMILY CATHOLIC (VA) PRIMARY SCHOOL
 CONSULTANT CLEANERS LIMITED (WESTBOROUGH HIGH SCHOOL) HOLY ROSARY AND ST ANNES CATHOLIC PRIMARY SCHOOL
 COOKRIDGE HOLY TRINITY C E PRIMARY SCHOOL HOLY TRINITY PRIMARY C OF E ACADEMY
 CORPUS CHRISTI CATHOLIC COLLEGE HONLEY HIGH SCHOOL
 CORPUS CHRISTI CATHOLIC PRIMARY SCHOOL HORBURY BRIDGE CE J AND I SCHOOL
 COTTINGLEY PRIMARY ACADEMY HORSFORTH SCHOOL ACADEMY
 CRAFT CENTRE & DESIGN GAL. LTD HORSFORTH TOWN COUNCIL
 CREATIVE SUPPORT LIMITED HORTON HOUSING ASSOCIATION (BRADFORD)
 CRESCENT PURCHASING LTD HUDDERSFIELD NEW COLLEGE
 CRIGGLESTONE ST JAMES CE PRIMARY ACADEMY HUGH GAITSKELL PRIMARY SCHOOL TRUST
 CROFTON ACADEMY HUMANKIND CHARITY (LEEDS)
 CROSSLEY HALL PRIMARY SCHOOL HUNSLET ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL
 CROW LANE PRIMARY AND FOUNDATION STAGE SCHOOL HUNSLET ST MARYS C E (VA) PRIMARY SCHOOL
 DARRINGTON C OF E PRIMARY SCHOOL HUTCHISON CATERING LTD (GUISELEY SCHOOL)
 DEIGHTON GATES PRIMARY FOUNDATION SCHOOL I S S MEDICLEAN LTD
 DELTA ACADEMIES TRUST ILKLEY PARISH COUNCIL
 DENBY DALE PARISH COUNCIL IMMACULATE HEART OF MARY CATHOLIC PRIMARY SCHOOL
 DIXONS ACADEMIES CHARITABLE TRUST LTD IMPACT EDUCATION MULTI ACADEMY TRUST
 DIXONS COTTINGLEY ACADEMY INCOMMUNITIES
 EBOR GARDENS PRIMARY ACADEMY INNOVATE SERVICES LTD (CROSSFLATTS)
 ELEMENTS PRIMARY SCHOOL INSPIRE PARTNERSHIP MULTI ACADEMY TRUST
 ELEVATE MULTI ACADEMY TRUST INTERACTION AND COMMUNICATION ACADEMY TRUST
 ELITE CLEANING AND ENVIRONMENTAL SERVICES LTD INTERACTION AND COMMUNICATION ACADEMY TRUST (HIGH PARK)
 ENGIE SERVICES LTD INTERSERVE (FACILITIES MANAGEMENT) LTD
 ENHANCE ACADEMY TRUST INTERSERVE (FACILITIES MANAGEMENT) LTD (P.C.C FOR WEST YO)
 ENVIROSERVE (CALDER HIGH SCHOOL) INTERSERVE (FACILITIES MANAGEMENT) LTD (W Y POLICE CLEANI
 ENVIROSERVE (EBOR GARDENS PRIMARY ACADEMY) INTERSERVE CATERING SERVICES LIMITED
 ENVIROSERVE (JOSEPH NORTON ACADEMY) INTERSERVE INTEGRATED SERVICES LTD
 ENVIROSERVE (VICTORIA PRIMARY ACADEMY) IQRA ACADEMY
 ETHOS ACADEMY TRUST

JERRY CLAY ACADEMY
 JOHN SMEATON ACADEMY
 JOSEPH NORTON ACADEMY
 KEELHAM PRIMARY SCHOOL
 KEEPMOAT PROPERTY SERVICES LIMITED
 KEIGHLEY TOWN COUNCIL
 KHALSA SCIENCE ACADEMY
 KILLINGHALL PRIMARY SCHOOL
 KING JAMES'S SCHOOL
 KIRKBURTON PARISH COUNCIL
 KIRKLEES ACTIVE LEISURE
 KIRKLEES CITIZENS ADVICE AND LAW CENTRE
 KIRKLEES COLLEGE
 KIRKLEES M.C. COUNCILLORS
 KIRKLEES NEIGHBOURHOOD HSE LTD
 KIRKSTALL ST STEPHENS C E (VA) PRIMARY SCHOOL
 LADY ELIZABETH HASTINGS SCHOOL
 LAISTERDYKE LEADERSHIP ACADEMY
 LANE END PRIMARY TRUST
 LEARNING ACCORD MULTI ACADEMY TRUST
 LEEDS APPROPRIATE ADULT SERVICE
 LEEDS ARTS UNIVERSITY
 LEEDS BECKETT UNIVERSITY
 LEEDS C.A.B.
 LEEDS CITY ACADEMY
 LEEDS CITY COLLEGE
 LEEDS COLLEGE OF BUILDING
 LEEDS COLLEGE OF MUSIC
 LEEDS EAST PRIMARY PARTNERSHIP TRUST
 LEEDS GRAND THEATRE & OPERA HSE
 LEEDS JEWISH FREE SCHOOL
 LEEDS NORTH WEST EDUCATION PARTNERSHIP
 LEEDS SOCIETY FOR THE DEAF & BLIND
 LEEDS TRINITY UNIVERSITY
 LEODIS ACADEMIES TRUST
 LIBERTY GAS OUTER WEST
 LIBERTY GAS WEST
 LIDGET GREEN COMMUNITY CO-OPERATIVE LEARNING TRUST
 LIGHTHOUSE SCHOOL
 LINDLEY C E INFANT ACADEMY
 LINDLEY JUNIOR SCHOOL ACADEMY TRUST
 LOCALA
 LOCALA (CALDERDALE)
 LONGROYDE JUNIOR SCHOOL
 LPM CLEANING LIMITED
 MAKING SPACE
 MAST ACADEMY TRUST
 MEANWOOD C E (VA) PRIMARY SCHOOL
 MEARS LTD (SOUTH)
 MEARS LTD (WEST)
 MELLORS CATERING SERVICES (SOUTHFIELD GRANGE)
 MELTHAM TOWN COUNCIL
 MENSTON PARISH COUNCIL
 MICKLEFIELD PARISH COUNCIL
 MIDDLETON PRIMARY SCHOOL TRUST
 MINSTHORPE ACADEMY TRUST
 MITIE LIMITED (LEEDS SCHOOLS PFI)
 MITIE PEST CONTROL
 MITIE PFI LIMITED
 MOORLANDS LEARNING TRUST
 MORLEY TOWN COUNCIL
 MOUNT ST MARYS CATHOLIC HIGH SCHOOL
 MOUNTAIN HEALTHCARE LTD (W Y POLICE)
 MYRTLE PARK PRIMARY SCHOOL
 N.I.C. SERVICES GROUP LIMITED (MIDDLETON ST MARYS LEEDS)
 NATIONAL COAL MINING MUSEUM FOR ENGLAND
 NEW COLLABORATIVE LEARNING TRUST
 NINELANDS PRIMARY SCHOOL
 NORMANTON TOWN COUNCIL
 NORTH HALIFAX GRAMMAR ACADEMY
 NORTH HALIFAX PARTNERSHIP LTD
 NORTH HUDDERSFIELD TRUST SCHOOL
 NORTHERN AMBITION ACADEMIES TRUST
 NORTHERN EDUCATION TRUST
 NORTHERN SCH.OF CONTEMP DANCE
 NORTHERN STAR ACADEMIES TRUST
 NORTHORPE HALL CHILD AND FAMILY TRUST
 NOTRE DAME SIXTH FORM COLLEGE
 NPS LEEDS LIMITED
 NURTURE ACADEMIES TRUST
 OASIS ACADEMY LISTER PARK
 OFSTED
 OLD EARTH ACADEMY
 ONE IN A MILLION FREE SCHOOL
 OPEN COLLEGE NETWORK YORKS & HUMBER (TRADING AS CERT)
 OSSETT TRUST
 OTLEY TOWN COUNCIL
 OUR LADY OF GOOD COUNSEL CATHOLIC PRIMARY SCHOOL
 OUTWOOD ACADEMY FREESTON
 OUTWOOD ACADEMY HEMSWORTH
 OUTWOOD ACADEMY WAKEFIELD CITY
 OUTWOOD GRANGE ACADEMY
 OUTWOOD PRIMARY ACADEMY BELL LANE
 OUTWOOD PRIMARY ACADEMY KIRKHAMGATE
 OUTWOOD PRIMARY ACADEMY LEDGER LANE
 OUTWOOD PRIMARY ACADEMY LOFTHOUSE GATE
 OUTWOOD PRIMARY ACADEMY NEWSTEAD GREEN
 OUTWOOD PRIMARY ACADEMY PARK HILL
 OWLCOTES MULTI ACADEMY TRUST
 PADDOCK JUNIOR INFANT AND NURSERY SCHOOL
 PARK LANE LEARNING TRUST
 PENNINE ACADEMIES YORKSHIRE
 PINNACLE (W Y POLICE)
 PINNACLE FM LIMITED (KIRKLEES)
 PINNACLE FM LTD
 PONTEFRACT ACADEMIES TRUST
 POOL PARISH COUNCIL
 POSSABILITIES CIC

PRIESTLEY ACADEMY TRUST
 PRIMROSE LANE PRIMARY FOUNDATION SCHOOL
 PROGRESS TO CHANGE (CARDIGAN HOUSE)
 PROGRESS TO CHANGE (RIPON HOUSE)
 PROSPECTS SERVICES (BRADFORD 3)
 PUDSEY GRANGFIELD SCHOOL
 PUDSEY SOUTHROYD PRIMARY SCHOOL TRUST
 RAINBOW PRIMARY FREE SCHOOL
 RASTRICK HIGH SCHOOL ACADEMY TRUST
 RAWDON PARISH COUNCIL
 RED KITE LEARNING TRUST (HARROGATE HR HUB)
 RED KITE LEARNING TRUST (LEEDS EAST HR HUB)
 REEVY HILL PRIMARY SCHOOL
 RENEWI UK SERVICES LIMITED
 RIDGE CREST CLEANING (NORTH) LTD (RAWSON PRIMARY SCHOOL)
 RM EDUCATION PLC
 RODILLIAN ACADEMY
 ROOK'S NEST ACADEMY
 ROTHWELL ST MARYS CATHOLIC (VA) PRIMARY SCHOOL
 ROUNDHAY ST JOHNS C E (VA) PRIMARY SCHOOL
 ROYDS COMMUNITY ASSOCIATION
 ROYDS HALL TRUST SCHOOL
 ROYDS LEARNING TRUST
 RUSSELL HALL FIRST SCHOOL
 RYBURN VALLEY ACADEMY
 RYHILL PARISH COUNCIL
 SACRED HEART CATHOLIC (VA) PRIMARY SCHOOL
 SALENDINE NOOK ACADEMY TRUST
 SALTERLEE ACADEMY TRUST
 SAMUEL LISTER ACADEMY
 SCOUT ROAD ACADEMY
 SEA FISH INDUSTRY AUTHORITY
 SEACROFT GRANGE PRIMARY SCHOOL
 SERVEST (B B G ACADEMY)
 SHARE MULTI ACADEMY TRUST
 SHIBDEN HEAD PRIMARY ACADEMY
 SHIPLEY COLLEGE
 SHIRLEY MANOR PRIMARY ACADEMY
 SITLINGTON PARISH COUNCIL
 SKILLS FOR CARE LIMITED
 SODEXO LTD
 SOUTH ELMSALL TOWN COUNCIL
 SOUTH HIENDLEY PARISH COUNCIL
 SOUTH KIRKBY AND MOORTHORPE TOWN COUNCIL
 SOUTH OSSETT INFANTS ACADEMY
 SOUTH PENNINE ACADEMIES
 SOUTHFIELD GRANGE TRUST
 SOUTHWAY AT THE RODILLIAN ACADEMY LTD
 SPEN VALLEY FOUNDATION TRUST
 SPIE LTD
 SPRINGWELL ACADEMY LEEDS
 SSE CONTRACTING LTD
 ST ANNE'S (BRADFORD) COMMUNITY SERVICES
 ST ANNE'S COMMUNITY SERVICES
 ST ANTHONYS CATHOLIC (VA) PRIMARY SCHOOL
 ST AUGUSTINES CATHOLIC PRIMARY SCHOOL
 ST CHAD'S C OF E PRIMARY SCHOOL
 ST EDWARDS CATHOLIC (VA) PRIMARY SCHOOL
 ST FRANCIS CATHOLIC PRIMARY SCHOOL
 ST FRANCIS OF ASSISI CATHOLIC (VA) PRIMARY SCHOOL
 ST GILES CHURCH OF ENGLAND ACADEMY
 ST GREGORY THE GREAT CATHOLIC ACADEMY TRUST
 ST JOHN'S (CE) PRIMARY ACADEMY TRUST
 ST JOHN'S APPROVED PREMISES LIMITED
 ST JOHN'S PRIMARY ACADEMY RISHWORTH
 ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL WETHERBY
 ST MATTHEWS C E PRIMARY SCHOOL
 ST MICHAEL & ALL ANGELS J & I
 ST NICHOLAS CATHOLIC PRIMARY SCHOOL
 ST OSWALDS CHURCH OF ENGLAND PRIMARY SCHOOL
 ST PATRICKS CATHOLIC (VA) PRIMARY SCHOOL
 ST PAULS CATHOLIC (VA) PRIMARY SCHOOL
 ST PETERS C E PRIMARY SCHOOL
 ST PHILIPS CATHOLIC PRIMARY SCHOOL
 ST THERESAS CATHOLIC PRIMARY SCHOOL
 ST URBANS CATHOLIC (VA) PRIMARY SCHOOL
 ST VINCENT DE PAUL SOCIETY (ENGLAND & WALES)
 STAR ACADEMIES TRUST
 STRAWBERRY FIELDS PRIMARY SCHOOL
 SUEZ RECYCLING AND RECOVERY UK LIMITED
 SWALLOW HILL COMMUNITY COLLEGE ACADEMY
 TAYLOR SHAW LIMITED (GORSE ACADEMIES TRUST)
 TAYLOR SHAW LIMITED (GORSE AT ELLIOTT HUDSON COLLEGE)
 TAYLORSHAW
 TAYLORSHAW LTD (COOKRIDGE HOLY TRINITY SCHOOL)
 TAYLORSHAW LTD (CROSSGATES BEECHWOOD WHITELAITH)
 TAYLORSHAW LTD (FIELDHEAD GRIMES MANSTON)
 TAYLORSHAW LTD (PARKLANDS PRIMARY)
 TAYLORSHAW LTD (SWARCLIFFE PRIMARY SCHOOL)
 TEMPLE LEARNING ACADEMY
 TEMPLE NEWSAM LEARNING PARTNERSHIP
 THE ANAH PROJECT
 THE BISHOP KONSTANT CATHOLIC TRUST
 THE BISHOP WHEELER CATHOLIC ACADEMY TRUST
 THE CO-OPERATIVE ACADEMIES TRUST
 THE CROSSLEY HEATH ACADEMY TRUST
 THE FAMILY OF LEARNING TRUST
 THE GORSE ACADEMIES TRUST
 THE GREETLAND ACADEMY TRUST
 THE JOHN CURWEN CO-OPERATIVE PRIMARY ACADEMY
 THE LANTERN LEARNING TRUST
 THE MFG ACADEMIES TRUST
 THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
 THORNHILL COMMUNITY ACADEMY
 THORNHILL JUNIOR AND INFANT SCHOOL
 THORNTON PRIMARY SCHOOL
 THORP ARCH LADY ELIZABETH HASTINGS C E (VA) PRIMARY SCHOOL
 TNS CATERING (SPTA)

TNS CATERING MAN LTD (ST BOTOLPHS)
TODMORDEN TOWN COUNCIL
TOGETHER HOUSING ASSOCIATION LTD (GREENVALE)
TOGETHER HOUSING ASSOCIATION LTD (PENNINE)
TONG LEADERSHIP ACADEMY
TRINITY ACADEMY HALIFAX
TURNING LIVES AROUND
TURNING POINT
TURNING POINT (WAKEFIELD)
UNITED RESPONSE
UNIVERSITY ACADEMY KEIGHLEY
UNIVERSITY OF BRADFORD
UNIVERSITY OF HUDDERSFIELD
UNIVERSITY TECHNICAL COLLEGE LEEDS
VICTORIA PRIMARY ACADEMY
W.Y. FIRE & RESCUE AUTHORITY
WAKEFIELD & DISTRICT HOUSING LTD
WAKEFIELD CITY ACADEMIES TRUST
WAKEFIELD COLLEGE
WAKEFIELD M.D.C. COUNCILLORS
WATERTON ACADEMY TRUST
WEST YORKSHIRE COMBINED AUTHORITY
WESTBOROUGH HIGH SCHOOL
WESTWOOD PRIMARY SCHOOL TRUST
WETHERBY HIGH SCHOOL
WETHERBY TOWN COUNCIL

WHINMOOR ST PAULS C E PRIMARY SCHOOL
WHITEHILL COMMUNITY ACADEMY
WILLIAM HENRY SMITH SCHOOL
WILSDEN PRIMARY SCHOOL
WOLSELEY UK LTD
WOODHOUSE GROVE SCHOOL
WOODSIDE ACADEMY
WORTH VALLEY PRIMARY SCHOOL
WRAT - LEEDS EAST ACADEMY
WRAT - LEEDS EAST ACADEMY
WRAT - LEEDS WEST ACADEMY
WRAT - LEEDS WEST ACADEMY
YORKSHIRE COMMUNITY HOUSING LIMITED
YORKSHIRE COMMUNITY HOUSING LIMITED
YORKSHIRE PURCHASING ORGANISATION
YORKSHIRE PURCHASING ORGANISATION

This glossary is provided to assist the reader. It offers an explanation of terms in common use in relation to local authority finance, many of which are used within this document.

Accruals

Income and expenditure are recognised as they are earned or incurred. When income is due to the Council but has not been received an accrual is made for the debtor. When the Council owes money but the payment has not been made an accrual is made for the creditor.

Assets Held for Sale

These are assets previously used in the provision of services by the Council which are now available for immediate sale. The assets are being actively marketed and a sale is probable.

Associated Company

A company over which the Council is able to exercise significant influence (see also Group Accounts).

Capital Adjustment Account

The Capital Adjustment Account (CAA) was set up in 2008-9 following UK GAAP accountancy changes and replaces the Capital Financing Account. It is required to ensure that both sides of the Balance Sheet remain in balance, and increases and decreases in asset valuations are credited and debited to this account as appropriate following asset revaluations.

Capital Charges

Charges to services for the use of assets. They comprise depreciation, based on the current value of the assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets, or which adds to, and not merely maintains, the value to the Council of existing fixed assets. Fixed assets provide economic benefits to the Council for a period in excess of one year.

Capital Financing Requirement

A measure defined by the Prudential Code of the Council's level of borrowing for capital purposes. It is based on the Balance Sheet of the Council. It is the basis for calculating the charge to be made to revenue for debt repayment each year (see Minimum Revenue Provision).

Capital Receipts

Income from the disposal of land and other assets and from the repayment of grants and loans made to others for capital purposes. The income can only be used either to finance new capital spending or to reduce the capital financing requirement through the repayment of debt.

Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

This document is produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). It defines proper accounting practices for local authorities in the United Kingdom, and is generally abbreviated to 'the Code' in the text. The Code is based on International Financial Reporting Standards.

Collection Fund

The fund deals with the collection and distribution of Council Tax and non-domestic rates. Surpluses may arise from time to time if the amounts collected from Council Tax (and its predecessor, community charge) exceed estimates. Such surpluses cannot be used directly to fund expenditure, but can be taken into account through the budget process and used to reduce Council Tax.

Community Assets

Assets such as parks and historic buildings that the Council intends to hold in perpetuity and that may have restrictions on their disposal.

Consistency

The concept that the accounting treatment of any given item will remain consistent between accounting years and that any necessary change will be made clear to the reader of the statement of accounts.

Contingent Liabilities

These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the Balance Sheet.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Debtors

Sums of money owed to the Council but not received at the end of the year.

Depreciation

A capital charge made to services for the use of fixed assets in the provision of services. It represents the depletion of the useful life of an asset and the consequent reduction in its value.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Consequently, the leased assets are recognised on the Balance Sheet of the lessee.

Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and, includes the borrowing, lending, soft loans, financial guarantees and bank deposits of the Council.

Financial Reporting Standards (FRS)

Accounting practice to be followed in the preparation of accounting statements in the years prior to 2010-11. For example FRS17 governs the way in which pension liabilities must be presented in the accounts. From 2010-11 onwards FRS will be fully replaced by IFRS (International Financial Reporting Standards), see below.

General Fund

All services other than those which authorities are required to account for separately in a Housing Revenue Account or Collection Fund.

General Reserves and Balances

Monies held by the Council to deal with unforeseen events that might arise. The Council must maintain a prudent level of such balances.

Group Accounts

Where authorities have material interests in subsidiaries, associated companies or joint ventures they are required to prepare additional group account statements. The group accounts consolidate those interests in subsidiaries, associates and joint ventures with the Council's own accounts to present a complete picture of the Council's activities.

Heritage Assets

These are assets, previously classified as community assets, which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

International Financial Reporting Standards (IFRS)

These are accounting standards issued by the International Accounting Standards Board.

Impairment

A diminution in value of fixed assets resulting from obsolescence, physical damage or general market conditions. The Council undertakes annual reviews of its assets to identify impairment.

Comprehensive Income and Expenditure Statement

This statement is compiled in accordance with IFRS and reports the net cost for the year of the services provided by the Council. It brings together expenditure and income relating to all of the local authority's operations and demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Infrastructure Assets

These are assets such as highways and footpaths.

Investments

These may be long-term investments whose purpose is to produce capital gain and rental income, or the short-term investment of cash balances that may arise from day to day management of the Council's cash flow.

Investment Properties

Land and buildings that are held for capital gain and rental income and not for the provision of services.

Joint Venture

A company or body in which decisions require the consent of all participants (see also Group Accounts).

Liabilities

Amounts due to individuals or organisations and to be paid at some time in the future. Current liabilities are payable within one year of the Balance Sheet date.

Local Area Agreement (LAA)

The LAA is a partnership between the Council and other public bodies whose aim is to work together towards jointly agreed objectives to improve local public services. The Council's LAA partners comprise local health bodies, learning bodies, community groups, housing associations and voluntary associations.

Materiality

An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)

This is the minimum amount of external borrowing that authorities must repay and charge to their revenue accounts each year. It is calculated as a percentage of the Council's capital financing requirement at the start of the year.

Non Current Assets

Assets that yield economic benefits to the Council for a period of more than one year. Examples include land, buildings, vehicles and investment property.

Non-Domestic Rates (NDR)

These are rates levied on business properties. The level of NDR charges is set by the Government. The Council receives 49% of the rates levied in the district, central government 50% and West Yorkshire Fire and Rescue Authority 1%.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Operating Leases

Leases other than finance leases. Under operating leases the risks and rewards of ownership remain substantially with the lessor. Consequently, the assets concerned are not included on the Balance Sheet of the lessee.

Property, Plant and Equipment (PPE)

These are non-current assets used directly to deliver the Council's services. The assets comprise land, buildings and plant with a carrying value in the Balance Sheet based on current value in use. PPE also includes equipment like vehicles, which are valued at historic cost.

Precept

The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the Council on their behalf through the Council Tax.

Prior Year Adjustments

Material adjustments applicable to prior period, arising from changes in accounting policies or from other corrections.

Private Finance Initiative (PFI)

A central government initiative that enables authorities to carry out capital projects through partnership with the private sector.

Provisions

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Prudence

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Prudential Code

The Code ensures that authorities borrow only for capital purposes and that they borrow responsibly and at affordable levels. Authorities demonstrate compliance with the code by setting and observing a range of prudential indicators covering the level of capital expenditure, the cost of borrowing and level and structure of its debt.

Related Parties

Individuals, or bodies, who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure

Expenditure on the day-to-day running costs of services, such as the costs of employees, premises, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Amounts properly incurred as capital expenditure, but where no Council asset is created. They are mainly grants or loans made to individuals or organisations for capital purposes, such as improvement grants.

Revenue Reserve

Any sum set aside for a specific revenue purpose.

Revenue Support Grant (RSG)

A general government grant towards the cost of providing services.

Subsidiary

A company or body over which the Council has control or has the right to exercise dominant influence (see also Group Accounts).

UKGAAP

UK Generally Accepted Accounting Principles. This is a framework of accounting standards for financial reporting standards, which have been replaced by International Financial Reporting Standards from 2010-11 onwards.

Acronym	Full Description
AVCs	Additional Voluntary Contributions
BID	Business Improvement District
BDCT	Bradford District Care Trust
BPS	Base Points
BSF	Building Schools for the Future
BMW	Biodegradable Municipal Waste
CAA	Capital Adjustment Account
CCG	Clinical Commissioning Group

CFR	Capital Financing Requirement
CIES	Comprehensive Income & Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CSR	Comprehensive Spending Review
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DRC	Depreciated Replacement Cost
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
EUV	Existing Use Value
FRS	Financial Reporting Standards
FSS	Funding Strategy Statement
GAAP	Generally Accepted Accounting Principles
HRA	Housing Revenue Account
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISB	Individual School Budget
IT	Information Technology
JANES	Joint Arrangement which is not an Entity
LAA	Local Area Agreement
LATS	Landfill Allowances Trading Scheme
LEA	Local Education Authority
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LOBO	Lender Option Borrower Option
MAP	Management Action Plans
MDCs	Metropolitan District Councils
MRP	Minimum Revenue Provision
NEET	Young people Not in Education, Employment or Training
NDR	Non Domestic Rates
NJC	National Joint Council
OJC	Officers' Joint Council
PCT	Primary Care Trust
PFI	Private Funding Initiative
PfS	Partnership for Schools
PPE	Property, Plant & Equipment
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute
RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index

RSG	Revenue Support Grant
SIP	Statement of Investment Principles
SOLACE	Society of Local Authority Chief Executives
WDA	Waste Disposal Authority
WYCA	West Yorkshire Combined Authority
WYPF	West Yorkshire Pension Fund
WYITA	West Yorkshire Integrated Transport Authority
VAT	Value Added Tax
YPO	Yorkshire Purchasing Organisation

ANNUAL GOVERNANCE STATEMENT 2018-19**1. Scope and Purpose****1.1 Scope of Responsibility**

The City of Bradford Metropolitan District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, as well as arrangements for the management of risk.

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Council and its partners are directed and controlled and those activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework has continued in place at the Council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2. The Governance Framework.

The systems and processes that comprise the Council's governance consist of the following key elements:

2.1 Code of Corporate Governance.

The Council's Code of Corporate Governance adopts the seven core principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Evidence supporting compliance with the new Code has been gathered from departments and top management.

2.2 The Constitution of the Council

The Constitution, reviewed at Annual Council, provides the framework within which the Executive takes decisions in discharge of the Council's functions, subject to the examination of a number of Overview and Scrutiny Committees. The Executive is collectively responsible for the decisions it makes and its decision making arrangements are designed to be open, transparent and accountable to local people.

3. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment. Confirmations have been obtained from Strategic Directors and the Chief Executive that reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations. They have been asked to confirm that risk management is embedded in their departments, provide a fraud risk assessment and to report, on a three year rolling programme, the level of compliance with key controls that are set out in the Key Control Booklets.

In December 2017, the Council agreed a revised Code of Corporate Governance to incorporate new guidance from CIPFA and SOLACE. An exercise took place in 2018 on how the Council complied with its new code and any assurances that can evidence this position. This exercise was updated in April 2019 to support the AGS for 2018/19.

The Council has in place a Governance and Audit Committee, independent of the Executive, to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the

Council's control environment which are provided at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an Annual Internal Audit Opinion and report regularly to the Governance and Audit Committee as prescribed by Public Sector Internal Audit Standards. Whilst a number of operational control issues have been identified the overall Internal Audit Annual Opinion is unqualified.

Action plans for improvement are devised and implemented in response to recommendations from External Audit and other statutory agencies and inspectors.

The Council liaises fully and promptly with the Local Government Ombudsman's enquiries into complaints against the Council.

The Council liaises closely with the Information Commissioner's Office in reporting and disclosing information security risks and incidents, and to ensure it discharges fully its duties under the Data Protection Act 2019.

The outcome of the review of effectiveness provided the necessary assurance and no significant issues were identified, with the exception of the need to continue to improve Children's Safeguarding services.

4. Significant governance issues

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control.

However, the Council is not complacent and seeks to continually improve the arrangements it has in place. Whilst recognising improvements to date, the emphasis going forward is to address identified issues and put in place an improvement plan to address known areas of concern. The Governance and Audit Committee will be kept informed of progress.

In the 2017/18 Annual Governance Statement, a number of specific risks were identified that have been monitored through the year. Progress on these was reported to the Governance and Audit Committee in a detailed public report on the 24th January 2019. The following sections give a brief update on these risks. Whilst some of these risks have been mitigated during the 2018/19 financial year, three risks are continuing to be monitored and remain high profile in 2019/20. No new governance challenges have been recognised through the year.

5. Governance challenges previously recognised for which monitoring arrangements and adaptations of the governance framework are now complete.

A number of governance issues which were featured in the 2017/18 Annual Governance Statement as being of concern in the year have been monitored and whilst there may be on-going issues around them these are not of a specifically governance nature. The challenges outlined below will not be monitored in 2019/20 from this perspective.

5.1 Procurement Arrangements

Service compliance with Contracts Standing Orders, procurement processes and procedures are monitored and challenged by the Procurement Service. Instances of non compliance are logged and reported to the Director of Finance and management. Supplier payment processes and procedures are now closely monitored across all Council service areas and cross referenced to procurement procedures and contract records; non-compliant requests are logged and reported to the Director of Finance. A review of satellite ordering systems has been carried out to increase central controls and visibility. Focussed training for all staff affected by the identified procurement issues was delivered, with ongoing Officer and Member training identified as key activities in the (currently draft) Procurement Strategy.

5.2 Maintenance of Council Core Systems

With regard to the "Maintenance of Council Core Systems", the challenge relating to health and safety working processes can now be considered to be managed by current operations and procedures and are therefore concluded in respect of any further adaptations of the governance framework.

A number of actions have taken place that has further progressed risk management across the authority. Both CMT and the Council's Executive receive quarterly updates on the Council's Strategic Risks through the Council's Finance and Performance reports. Risk registers have been established and updated for all Departments. There have been two meetings of the Risk Co-ordinators group. A revised Risk Strategy has been drafted and will be considered by CMT and the Executive in the summer. An internal audit completed on the Council's Strategic Risk Register assessed the control arrangements as good.

5.3 Local Government Peer Review

Work has taken place to ensure that improvement in the council is subject to rigorous challenge whilst providing support to colleagues. There is an established governance structure at CMT and Outcome Board Level to monitor and report on progress against the Transformation Programmes outlined in the Council Plan Delivery Programme.

5.4 New Consultation Toolkit

In 2017/2018, Bradford's consultation toolkit was developed and launched and promoted with training across the Council, in tandem with the more detailed Local Government Association New Conversations Guide. This provided services with a thorough and detailed resource on which to base their engagement activity. In early 2019 the LGA updated their guide, providing a timely opportunity for Bradford to amend its own guidance to reflect the changes. This

work is taking place during Autumn 2019 and will include a review of departmental consultation/engagement champions to ensure they are active in supporting their services. Legislative advice continues to be provided by the Council's Legal Services team as required.

5.5 Internal Audit Peer Review

An update of the progress against the 2018 Quality Assurance Improvement Plan (QAIP) was completed during the financial year end. All the significant improvements required of Internal Audit have been achieved including the recruitment of four senior Auditors, the approval of a new Internal Audit Charter and maintaining the independence of the Head of Internal Audit. There are a number of issues that need to be finalised which have been included in the 2019/20 QAIP. The most significant issue being the need to obtain an ICT audit capability, which is underway with the preparation of a needs assessment.

6. Governance challenges previously recognised which require continuing review in 2019/20

6.1 Safeguarding Vulnerable Children

Demand levels for social care continue to rise and there were 1,159 Looked After Children (31 March 2019). There has also been a significant rise in the number of children on child protection plans. This is putting pressure on social work delivery. Further recruitment of social workers is underway, but there is significant competition for experienced social workers and retention remains an issue which is being closely monitored. A regular workload report is shared with Children's Overview and Scrutiny and Bradford Children Safeguarding Board has continued to monitor the safeguarding arrangements. Following the October 2018 Ofsted inspection report an Improvement Board with an independent chair has been established and a detailed improvement plan has been shared with Ofsted. Regular Monitoring visits will happen every three months. The first such visit took place in March, focussing on the front door arrangements where some progress was noted. A second monitoring visit is scheduled for June.

6.2 Ensuring an effective, integrated system of health and social care

Work continues to take place to strengthen the governance arrangements within the Health and Social Care System. This includes approving the CQC Action Plan and the Memorandum of Understanding for the West Yorkshire and Harrogate Health and Care Partnership. Council officers are engaged in the design of a new strategic partnership agreement that will be presented to the Executive in Spring 2019. The Section 75 agreement between the Council and NHS will be renewed (legal input has been agreed) during 2019. Work has started on the establishment of a formal Health and Social Care Economic Partnership Board. Consultants to support the set up will be identified by the end of December with the aim to have the new Board in place by summer 2020. Health and Wellbeing Board has agreed the development of Logic Models that summarise how the system will monitor the impact of its collective interventions – aligned to high level plans strategies. The Integrated Care Board (ICB) has agreed to use the current planning round to refocus investment in accordance with the shared Happy Healthy at Home plan. This will mean a greater focus on prevention, rather than investing equally in all portfolios and will require a shared approach to the engagement of regulatory bodies, along with a clear shared management of system risks. ICB has also agreed for work to be done to enhance system wide communication as part of the CQC Action Plan. The role of Executive Commissioning Board is being reviewed in the context of the emerging approach to partnership system commissioning intentions. Work is underway to develop options for strengthened system commissioning opportunities involving adult social care, children's social care and public health commissioning functions with the Bradford CCGs.

6.3 General Data Protection Regulations

Following the implementation of the new data protection legislation (GDPR) in May 2018, work has continued to ensure that internal processes, procedures, data systems and documentation are GDPR compliant. Advice and guidance for staff has been published on Bradnet and mandatory eLearning on protecting information provided for all appropriate staff. Work is continuing in respect of monitoring GDPR compliance across all Departments of the Council and work continues with neighbouring authorities and other partners to share best practice.

7. New 2019/20 Governance Challenges

There have been no new Governance Challenges identified for 2019/20.

8. West Yorkshire Pension Fund

The Council is the administering authority for West Yorkshire Pension Fund (WYPF). WYPF produces its own Governance Compliance statement which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013 (Regulation 55) and its predecessor, Regulation 31 of the LGPS 2008.

The Governance and Audit Committee has legal and strategic responsibility for WYPF. The Council has established three bodies to assist and support the Governance & Audit Committee oversee WYPF:

- WYPF Investment Advisory Panel and
- WYPF Joint Advisory Group
- WYPF Pension Board

WYPF Investment Advisory Panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity. In this capacity, the Panel is responsible for formulating the broad future policy for investment.

WYPF Joint Advisory Group has overall responsibility for overseeing and monitoring the WYPF's pensions administration function, and for reviewing and responding to proposed changes to the Local Government Pension Scheme. In addition, the Group approves the budget estimates for the pensions administration and investment management functions of WYPF, and also receives WYPF's Annual Report and Accounts.

WYPF Pension Board's role is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS including:

- securing compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS;
- securing compliance with the requirements imposed in relation to the LGPS by The Pensions Regulator (TPR);
- any other such matters as the LGPS regulations may specify.

The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- West Yorkshire Pension Fund has adopted the Council approved approach to risk management.
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management.
- Risks are monitored and MAPs reassessed regularly.
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting on 25 July 2019.

9. Statement

We are satisfied that an effective system of internal control has been in place throughout the financial year and is ongoing. Over the coming year we propose to take steps to address the challenges identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Councillor Susan Hinchcliffe, Leader of Council

Signed:

Kersten England, Chief Executive

