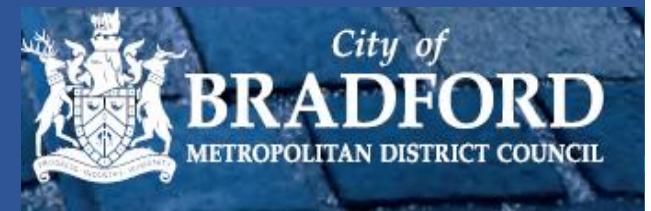




City of Bradford Metropolitan District Council

STATEMENT of ACCOUNTS 2024/25



CONTENTS

SECTION – 1	NARRATIVE REPORT AND STATUTORY CERTIFICATIONS	Page	002
SECTION – 2	CORE FINANCIAL STATEMENTS	Page	027
	• <i>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</i>	<i>Page</i>	028
	• <i>MOVEMENT IN RESERVES STATEMENT</i>	<i>Page</i>	029
	• <i>BALANCE SHEET</i>	<i>Page</i>	030
	• <i>CASH FLOW STATEMENT</i>	<i>Page</i>	031
SECTION – 3	NOTES TO THE CORE FINANCIAL STATEMENTS	Page	032
SECTION – 4	FINANCIAL STATEMENTS FOR HOUSING REVENUE ACCOUNT AND COLLECTION FUND	Page	115
	• <i>HOUSING REVENUE ACCOUNT (HRA) - INCOME AND EXPENDITURE STATEMENT</i>	<i>Page</i>	116
	• <i>STATEMENT OF THE MOVEMENT ON THE HOUSING REVENUE ACCOUNT</i>	<i>Page</i>	117
	• <i>HOUSING REVENUE ACCOUNT NOTES</i>	<i>Page</i>	118
	• <i>COLLECTION FUND STATEMENT</i>	<i>Page</i>	122
	• <i>NOTES TO THE COLLECTION FUND</i>	<i>Page</i>	123
SECTION – 5	PENSION FUND ACCOUNTS AND NOTES	Page	126
	• <i>PENSION FUND ACCOUNT</i>	<i>Page</i>	128
	• <i>NET ASSETS STATEMENT</i>	<i>Page</i>	129
	• <i>NOTES TO THE PENSION FUND</i>	<i>Page</i>	130
SECTION – 6	GLOSSARY OF FINANCIAL TERMS	Page	162

SECTION – 1

REVIEW AND STATUTORY CERTIFICATIONS

Welcome to Bradford District

Bradford is England's 5th biggest metropolitan district and among its youngest and most diverse. The Council serves a growing population of 560,200 and over 16,000 businesses across an area of 141 square miles.

In addition to the principal urban area of Bradford, are the towns of Keighley, Shipley, Bingley and Ilkley and numerous large villages with many places displaying a strong and distinctive sense of their own identity. Two thirds of the District is rural with large expanses of moorland, woodland and agricultural land predominantly to the north.

Bradford is the UK City of Culture 2025 and local leaders are progressing an ambitious pipeline of projects that are designed to unleash the district's potential.



Some Key Facts about the Area

Population

- Bradford District has a population of 560,200 people, and over 16,000 businesses.
- Bradford is amongst the youngest cities in the UK, with 27.9% of people aged under 20 and the median age of 36.8 is lower than the regional and national averages.
- Bradford is a highly diverse district with ethnic minorities forming 43.3% of the population and where over 160 languages are spoken.
- The Bradford District is the fifth largest Metropolitan Local Authority District in England.

Bradford's Economy - Unrivalled growth potential

- Bradford represents one of the UK's most significant opportunities to deliver growth at scale. With over 16,500 businesses and 198,000 jobs, 11.6% of which are in manufacturing, the District's economy is worth more than £13bn (GDP).
- Strengths include high-value production businesses across a range of sectors including food manufacturing, engineering, chemicals, digital technologies, energy and utilities, RF and Microwave and a growing space and satellite technology cluster. Meanwhile, the University of Bradford is at the forefront of innovation in space, AI and sustainability.
- Many businesses support international supply chains in sectors such as automotive, construction, finance and health, making Bradford one of the most globally connected places in the UK, in 2021, Bradford District exported goods and services worth £2.7 billion.
- High business start-up rates reflect a tradition of hard graft and self-reliance and help to cement Bradford's reputation as hotbed of enterprise and innovation. Bradford was ranked the UK's most Entrepreneurial City in 2024 by Wildcat Digital for its dynamic business environment, strong community support for entrepreneurs and its rapid growth in start-ups. It has been recognised by Barclays Bank as the best place in Britain to start a business and named among the Sunday Times top 20 cities for business growth citing its ambition, youth, regeneration pipeline and support to small business.
- There is a productivity gap compared to the rest of the country and achieving national levels of productivity would add £7bn to the local economy.

Bradford's growth pipeline

A pipeline of regeneration projects has come fruition, and transformational plans are being progressed to support growth and productivity.

Recently delivered City centre projects include:

- Bradford Live a new 4,000 capacity city centre venue.
- One City Park delivering city centre grade A office accommodation.
- A new market which will generate economic benefit of £32m over ten years.
- Transforming Cities – transformed and revitalised public realm at the heart of the city centre.

Some Key Facts about the Area (continued)

Local, regional and national partners are working together on a series of long term projects to unlock Bradford's full productive potential which would see billions added to its economy.

- Transport Infrastructure. As a top growth priority, Bradford has been working with the Government to connect Bradford to the mainline TransPennine Express line and to develop plans for a new city centre station which would slash journey times to other northern cities, opening access to new labour markets and opportunities potentially worth billions.
- Mass transit. As part of West Yorkshire Combined Authority, Bradford is developing plans for mass transit with the first phase of a proposed tram network running from Bradford to Leeds.
- Southern Gateway is a unique opportunity to deliver up to 5,000 new homes, 440,000 m² of new employment space, and 23,000 new jobs.
- City Village. Plans for 1,000 new homes in an inner-city, low-carbon neighbourhood.
- In Keighley and Shipley, Towns Fund investments of £33.6m and £25m respectively are improving connectivity, skills and enterprise infrastructure and making better use of land.
- Net Zero. The Council is working with partners to deliver a city centre Heat Network and state of the art hydrogen fuel centre.

Inequality and deprivation

- Bradford District is home to some significant challenges including high levels of entrenched deprivation and inequality
- Bradford ranked 13th overall on the Index of Multiple Deprivation in 2019, up from 19th in 2004, and as the 5th most income deprived.
- Almost 200,000 people live in areas among the 10% most deprived in the country.
- Over 55,000 children live in poverty. The proportion of children living in relative poverty (44.2% in 2024) is the second highest in the country and significantly above regional (30.4%) and UK (20.8%) rates. Bradford has 26.3% of West Yorkshire's under 16 population yet accounts for 34.6% of its total child poverty. Between 2015 and 2024 the number of children living in poverty rose by over 12,400.
- Life expectancy in the District's poorest wards is around 9 years lower for females and 11 years lower for males than in its most affluent wards.
- High levels of deprivation drive demand for public services and the costs of providing them.

About the Council

The Council strives to secure better outcomes and equality of opportunity for everyone in the district. It employs approximately 6,800 people (excluding schools).

Bradford Council has 90 elected members who represent 30 electoral wards.

The Annual Governance Statement that accompanies the financial statements provides further detail on the Council's governance.

Did you know.....

The Council is responsible for:

- 42 community schools
- 10 sports & leisure centres containing 6 swimming pools and 4 recreation centres with sport facilities.
- 226 parks, gardens, open spaces and cemeteries
- 427 units of social housing
- collecting an average of 100,000 tonnes of household waste annually

It also:

- collects over £430m Council Tax and Business Rates each year
- administers £120m housing benefit
- provides social care to 9,200 adults and screens 30,000 contacts in the Independence Advice Hub
- maintaining 1,855km of roads, paths and verges
- empties bins for 225,000 households each week

Strategic Leadership

The policies of the Council are directed by the political leadership and implemented by the Corporate Management Team and officers of the Council.

Full Council. Full Council sets the Council's budget and policy framework and appoints a leader.

The Leader. The leader is appointed by Full Council for a period of up to four years (and can be re-elected) and appoints an Executive.

The Executive. The Council operates an Executive model of key decision making. The Council's Constitution allows for an Executive of up to ten members including the leader. Responsibility for the formulation of key strategic and operational policy decisions is held by Portfolio Holders. Decisions are taken collectively by Executive unless delegated to individual Portfolio Holders and are open to scrutiny through the Council's Overview and Scrutiny Committees.

The current Executive is comprised of six Councillors including the Leader and Deputy Leader, each of whom has special responsibility for a specific portfolio. Executive responsibilities are allocated by the leader, and the Executive takes decisions collectively, in public. Some Executive functions are delegated to Area Committees where they are only concerned with local priorities and circumstances.

About the Council (continued)

Best Value Notice and Improvement Panel

The Council established an Improvement Panel following the publication of a Best Value Notice by the Government in February 2024. The Best Value Notice set out an expectation that the Council should establish an independent advisory panel with expertise in finance and children's services to support improvement. This was in response to recommendations from a CIPFA Review undertaken in 2023 which set out concerns about the Council's financial resilience and control, its capacity to transform and the relationship with Bradford Children and Families Trust.

The Panel is comprised of independent members who are industry experts with extensive expertise of local government, finance and children's services. The Council has asked the Panel to:

- Challenge the rationale behind the improvement plan to assure the council that the scale of the challenge is adequately captured, and it presents a realistic route map for Bradford Council.
- Challenge the implementation of the improvement plan and assure the council that there is evidence of progress with sufficient pace.

The panel has recognised:

- That the Member and Officer leadership of the Council has shown an awareness of the depth of the challenge to restore financial stability and deliver cultural change and transformation.
- The improved relationship between the Council and the Children's Trust, improvements in children's services and collaborative working on financial management and spending reductions.
- The Leadership of the Council will need to maintain focus and remain tenacious in pursuit of financial sustainability and a transformed council.

The Best Value Notice was lifted in February 2025 in recognition of the positive progress that the Council is making which was identified in a further CIPFA Review undertaken in 2024 which:

- Commended the council leadership team for the drive, determination and attention to detail they have brought in establishing a new focus and culture.
- Recognises that the council has increased its grip on governance and has the right approach to provide the appropriate levels of financial control and to embed a sustained culture of increasing financial awareness and literacy.
- Determined that BCFT have taken a similar approach and that the relationship between the council and the Trust had "turned a corner".
- Confirmed that the key driver for the Council's financial position was the increasing cost of residential placements for looked after children, the number of children still needing to be in care and spend on agency
- Identified that there is a 'laser like' focus on addressing the underlying aspects of financial fragility.

While the lifting of the Best Value Notice was welcome, much more work needs to be done. The Council continues to face a significant structural funding gap and will continue to need future years Exceptional Financial Support to achieve financial sustainability. The Improvement Panel continues to offer advice and support to deliver improvement.

The District and Council Plans are currently under review

The current high level strategic intent for the Bradford district is set out in the Bradford District Plan 2021-2025. This strategy has been developed collaboratively with partners including the Council and approved by the District's Health and Well Being Board. It is focused on five shared priority outcomes that will drive the collective efforts of local partners with clear links to the Council Plan:

- Children have the best start in life
- Sustainable economic growth and good work for all
- Residents achieve good health and well being
- Safe Sustainable and Inclusive Communities
- Action at all levels on environment and climate change

The Council's implementation of that strategic intent along with its own internal strategic priorities are set out in the [Council Plan | Bradford Council](#). Council Plan priorities are:

- Better Skills, more good jobs and a growing economy
- A Great Start and a Good School
- Better Health, Better Lives
- Safe strong and active communities
- Decent Homes that people can afford to live in
- A Sustainable District
- An enabling council

The District and Council Plans will be updated.

The Improvement Plan

In the face of major challenges and the need to secure the financial sustainability of the Council given its current reliance on Exceptional Financial Support, the Council's Improvement Plan sets out three key priorities: securing its financial sustainability, improving Children's Services and outcomes and developing and delivering plans for inclusive growth.



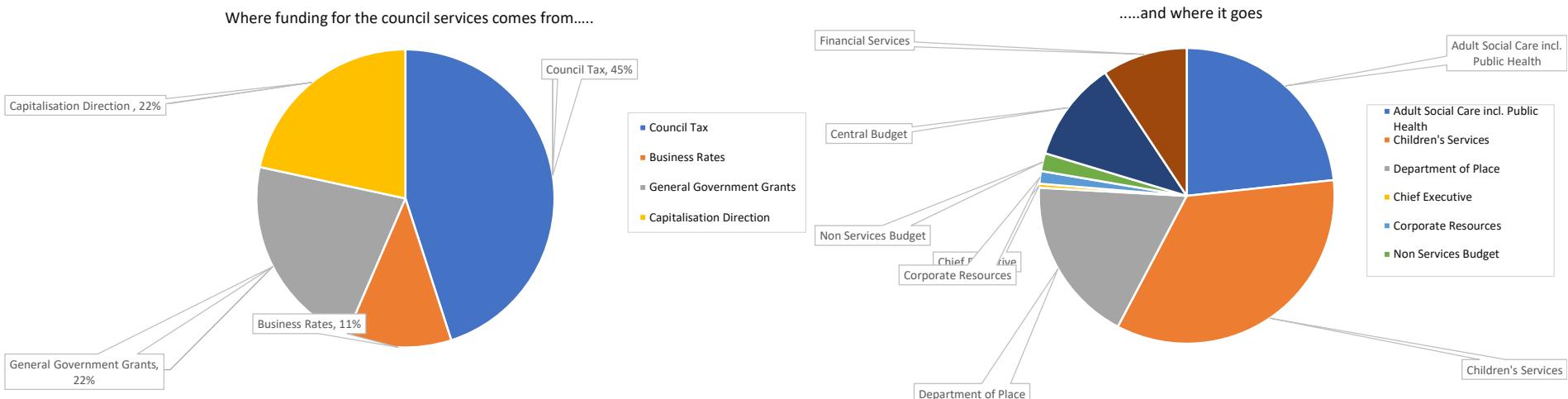
Financial Performance

Band D Council Tax for 2024/25 was set at £1,701.86, an increase of 4.99% on the previous year. Other key sources of revenue funding are:

- Business rates
- Fees and charges for Council services
- Government grants, primarily DfE funding for schools.

The net revenue budget was set at £555m for 2024/25 (including capital charges and contingencies). Allocations to service areas are shown below:

The Council's Net Revenue Budget for 2024/25



Actual expenditure in 2024/25 was managed to within the overall budget. **Page 26** of the Statement of Accounts sets out net revenue costs by service area in 2024/25, and the Expenditure and Funding Analysis in **Note 8** provides further details of the Council's income and expenditure.

Revenue Expenditure

A summary of the outturn of the General Fund for 2024/25 at Directorate level is set out below. The 2024/25 actual figures are compared with the revised budget.

	A	B	B-A
	Final Revised Budget	Actual	Over/(under Spending)
	£'000	£'000	£'000
Adult Social Care incl. Public Health	153,667	165,926	12,259
Children's Services	249,781	245,205	(4,576)
Department of Place	134,648	129,377	(5,271)
Chief Executive	4,995	3,090	(1,905)
Corporate Resources	10,582	9,825	(757)
Financial Services	70,354	66,368	(3,986)
Non Service Budgets	12,832	13,993	1,161
Central Budgets	(86,112)	(85,798)	314
Housing Revenue Account	-	-	-
Total for Directorates	550,747	547,986	(2,761)
Financing and Investment	55,785	58,546	2,761
Other Operating Expenditure	6,671	6,671	-
<u>Accounting Adjustment</u>			
Contribution to/(from) Earmarked Reserves	34,798	34,798	-
Contrib.to/(from)Earmarked Grant Reserves	(1,268)	(1,268)	-
Capital Grants and Contributions Received	(91,468)	(91,468)	-
Bradford Expenditure	555,265	555,265	(0)
Capitalisation Direction	(120,000)	(120,000)	-
Revenue Support Grant	(42,975)	(42,975)	-
National Non-Domestic Rates (NNDR)	(61,506)	(61,506)	-
Top-up Grant	(78,579)	(78,579)	-
Council Tax	(246,583)	(246,583)	-
Collection Fund	(5,622)	(5,622)	-
Total	0	-	(0)

Capital Expenditure

The capital outturn was £271m in 2024/25, of which £120m Capitalisation Direction (CD) granted by the Government. The capital programme is financed from a variety of sources, principally capital grants and contributions, external or prudential borrowing and sales of Council assets as shown in **Note 22**

Major items of capital programme expenditure consist of:

- Maintaining and extending social and affordable housing stock
- Maintaining and improving schools
- Maintaining and improving Council buildings
- Local regeneration initiatives.

CAPITAL SUMMARY	Final Revised Budget	Expenditure	Variance
	£'000	£'000	£'000
Adult Social Care (incl. Public Health)	3,084	1,676	(1,408)
Children's Services	19,118	13,579	(5,539)
Department of Place	152,029	120,943	(31,086)
Corporate Resources	18,519	14,716	(3,803)
Housing Revenue Account	1,010	89	(921)
Reserve Schemes and Contingencies	2,145	-	(2,145)
Slippage	(47,000)	-	47,000
Capitalisation Direction	120,000	120,000	-
Total	268,905	271,003	2,098

Where the money came from to pay for the spending on capital schemes in 2024-25:

In addition to the CD, 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, to ensure borrowing is responsible and affordable. One such measure is the Council's Capital Financing Requirement (CFR), which represents the amount of Council's capital expenditure funded by internal or external borrowing. In 2024-25 CFR increased to £1,078.5m from the £907.6m in 2023-24.

The main reason for the increase in the Capital Financing Requirement (CFR) was the Capitalisation Direction (CD) granted by the Government (£120m in 2024-25). In addition, the implementation of IFRS 16 Leases increased the opening CFR by £46m (mainly PFI). Higher capital expenditure during the year also contributed to the rise, as a increased spend funded by borrowing. Alongside borrowing, the Council also funds its capital programme through capital grants, the reinvestment of capital receipts, and the use of revenue resources.

In 2024-25 the capital programme spending of £271m was funded as follows:

- £157.2m (58.0%) by borrowing including CD generating capital financing charges which will form part of future revenue spending.
- £97.2m (35.8%) from government and other grants.
- £11.3m (4.2%) from capital receipts
- £5.3m (2.0%) from revenue contributions (Schools, HRA and PFI).

In addition to the Council's capital programme, the Council has used the repayment of Bradford Live loan to bring Bradford Live building back (£18.9m) during 2024-25.

Capital Expenditure (Continued)

Capital commitment has decreased to £50.4m in 2024-25 from £80.8m in 2023-24 mainly due to completion of some of the Transforming City Fund scheme contracts. During the year, new contracts entered for large capital schemes such as Markets, Bereavement, and Sustainable Transport Corridor. Looking ahead, the Council is progressing with some major regeneration scheme such as the new City Village, and core IT infrastructure improvement.

Current projects include the City Village, City Centre Regeneration, Public Realm improvement and Southern Gateway.



City Village

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 five Foundation schools where 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 2024-25 three schools converted to Academy status. The Council is not recompensed for any of these disposals. 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 50.

Treasury Management

The Council's year-end treasury debt position for 2024-25 compared to 2023-24 is summarised in the table below:

	2023-24	2024-25
	£'000	£'000
Fixed Rate Borrowing:		
PWLB	500,300	540,600
Market	36,200	36,200
Other Sources	13,500	11,900
PFI and other finance leases	129,300	155,372
Short term borrowing	57,000	149,000
Total debt as per Treasury Management Outturn Report	736,300	893,072
In year carrying value adjustment	1,500	1,500
Total debts as at 31 March	737,800	894,572

£19.726m PWLB (Public Works Loan Board) loans matured in February and March 2025 with an average rate of interest of 6.43%. Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement CFR) new PWLB borrowing undertaken this year was £60m with an average interest rate of 4.93%. The Council had £149m of short-term loans with other local authorities at 31st March 2025.

Balance Sheet

The Balance Sheet on **page 30** sets out the Council's assets and liabilities at 31 March each year:

2023/24		2024/25
£'m		£'m
971	Property plant and equipment	1,049
39	Heritage assets	36
34	Investment property	44
6	Other long and short term assets	10
4	Long and short term investments	4
197	Debtors	164
39	Cash and Cash equivalents	84
107	Defined Pension Scheme Assets	-
1,397	TOTAL ASSETS	1,391
(615)	Long and short term borrowing	(747)
(155)	Creditors and receipts in advance	(162)
(11)	Provisions	(9)
(54)	Pension Fund liabilities	(73)
(141)	Other long term liabilities	(175)
(976)	TOTAL LIABILITIES	(1,166)
421	NET ASSETS	225

Property plant and equipment mostly consists of social housing stock plus other land and buildings used to deliver services. Further analysis of Council assets is provided in **Note 16**. A comprehensive, independent revaluation of all land and buildings has recently been carried out and the results are reflected in the balances shown above.

Most external borrowing (over 80%) is fixed rate loans from the Public Works Loan Board, averaging 4.9% interest rates and repayable between 2025 and 2072.

The Council's largest single liability represents staff pension entitlements. Other long-term liabilities relate to contractual commitments in respect of PFI and finance lease.

Provisions are set aside to cover future Business Ratepayers' appeals, insurance claims and potential litigation. **Note 35** provides details of any additional liabilities which are not included in the Council's accounts because the risk of any eventual payment seems remote.

The Council has maintained cash balances within target levels during 2024/25. A comprehensive cash flow and treasury management system ensures that surplus cash is invested wisely, that any new borrowing represents value for money, and that there is sufficient cash available to meet liabilities as they fall due.

Usable and unusable reserves

Net assets in the Balance Sheet are matched by reserves which are classified as either usable or unusable. Unusable balances reflect statutory or accounting requirements and cannot be used to fund services. At 31 March 2025 total unusable reserves were £21.7m (£200.7m at 31/03/2024), see **Note 29** for further details.

Useable reserves on the other hand totalled £247.8m (£220.0m at 31/3/2024). This balance represents a combination of:

- Monies held on behalf of schools
- Funds earmarked for revenue or capital projects, see **Note 15**
- Working balances maintained to cover contingencies.

Total Council reserves have reduced from a high of £256.1m in 2020-21 to £93.2m at the end of 2023-24.

Current Council policy is to build a General Fund working balance between £40m to £50m, which is set aside to rebuild its financial resilience and protect services. There are ambitions to rebuild reserve levels further in the MTFs to provide additional resilience for trading reserves, sinking funds, and for PFI schools for example, in line with prudent practice.

The Collection Fund

The Collection Fund on [page 122](#) shows the transactions of the Council as a billing authority in relation to Business Rates and Council Tax. Total amounts collected (Business Rate £123.8m and Council Tax £307.4m) in 2024/25 are distributed between the Council, the West Yorkshire Fire Authority, Central Government and the West Yorkshire Combined Authority (PCC function) to help fund provision of services.

The Council Tax collection rate was 94.04% (94.22% in 2023/24), and we aim to improve this to 98% within 5 years. The Business Rates collection rate was 96.45% (97.13% in 23/24), against a target rate of 97%.

The Council is required to prepare a separate account for social housing provision and to ensure that expenditure on repairs, maintenance and management is covered by rents and other charges for services and facilities. These transactions are set out in the Housing Revenue Account on [page 115](#).

The Council generated rental income of £3m in 2024-25 (£2.5m in 2023-24). Rental income together with other sources of funding such as grant income, is held in a ring-fenced account referred to as the Housing Revenue Account. At 31 March 2025 there were in total 427 dwellings and a working balance of £1.4m.



Pension Fund

The Council is a member of, and the administering authority for, the West Yorkshire Pension Fund (WYPF). In addition to the Council, 408 other employers are members of the West Yorkshire Pension Fund. These include, for example, local academy schools and not for profit organisations. The Pension Fund Accounts on [page 126](#) provide details of pension fund transactions during 2024/25.

At end of 2024-25, there is a net pensions liabilities of £47.171m (£54.075m net liability in 2023-24) in teachers' discretionary pension scheme, and a net pension liability of £25.327m in LGF schemes (£107.092m net asset in 2023-24). The decrease in the net pensions asset has been primarily caused by the restriction of the amount of the surplus that is recognised in the Council's balance sheet to the asset ceiling that has been calculated by the Council's actuary.

Before consideration of a surplus restriction, there was a net pensions asset due to the value of pension fund assets exceeding the current value of the pension liabilities, which showed a large reduction because of improvement to the actuarial assumptions, in particular a large increase in the discount rate that is used for determining the current value of the future liabilities.

Further details can be found in Note 30, Defined Benefit Pension Schemes.

Group activities

Investments in limited companies are not material so Group accounting is not required. Nevertheless, these activities do make a significant contribution to the District. For example:

- Bradford Children and Family Trust - a company provides high quality services with partners that help safeguard, support and promote the welfare of children, young people and families across the Bradford District.
- Bradford Live – a company involves restoration and repurposing of the former Odeon building as a modern live events and conference facility, and is a key part of the Council's plans for City Centre regeneration.
- New Choices - a company provides a platform of financial and operational stability in readiness to deliver the Council's Reimagining Day Services Strategy and to develop a modern-day service that is local, encourages people to make links into their own local communities, that helps people to find employment and gives them opportunities to be more independent.

Oversight of company activities is exercised by control of voting rights and through corporate risk management processes. Details of transactions with Group companies are set out in **Note 34**.

Outlook and Future Issues

The UK economy is expected to grow modestly over the next few years. This growth is underpinned by easing inflation and potential further interest rate cuts which are expected to create positive momentum. Despite this positive outlook, the impact of several years of high inflation and rising interest rates on cost of living has been significant and there remains some uncertainty.

Many councils across the country are now experiencing very severe financial challenges, primarily because of inflation and Social Care demand, and Bradford is no exception.

In November 2023 the Council identified a structural financial deficit of £120m, which led to the Council applying to the Government for Exceptional Financial Support. It got agreement in principle for CDs of £80m for 2023/24 and £140m for 2024/25 to balance the budget.

It is currently estimated that the Council could need further capitalisation directions up to 2029/30 before it will return to a financially sustainable position. Although there are several factors that will impact this both positively and adversely. The main one is the funding reforms that the government intend to implement from 2026/27 including the business rates reset which the government has said they will direct funding to areas of greatest need and deprivation.

As previously reported, the Council has had to deal with a number of financially challenging circumstances, some of which are not in the Council's control:

- The Council is generally poorly funded, national funding reductions since 2010/11 having disproportionately affected the Council and government reviews of local authority funding to better reflect need and deprivation have been long awaited;
- Bradford has seen considerable growth in the investment required into Children's Social Care;
- The Council has previously used large amounts of one-off reserves to fund major recurrent expenditure with no feasible plan to replace them. This practice has now ceased and there has recently been an increase in reserves;
- Cultural, capacity and capability issues, which are common in Councils in financial difficulty. A series of actions are being undertaken to start to address these issues which are discussed in more detail below.

Outlook and Future Issues (continued)

Like many other councils, Bradford is also seeing rising demand and pressures particularly in the following areas:

- SEND and home to school transport
- Homelessness
- Adults and Children's social care

which can be significant and challenge the Council's budget. These will need to be kept under close review and managed in year.

In order to address the challenging financial position that the Council finds itself in the Council continues to operate the seven-part financial strategy agreed in March 2024, applied to all of revenue, capital, HRA and DSG budgets in particular:

- large, recurrent and robust:
 - Revenue savings
 - Assets sales
 - Reductions in the capital programme;
 - Income increases

all the subject of a developing continuous budget process which saw budget proposals becoming part of routine regular business, not an annual set of reports. The actual mix of these will need to be kept under review and will vary as seen in the MTFS reported to the Executive on the 22 January 2025.

- A complete grip on revenue expenditure through the use of expenditure control panels;
- A full review of the financial management and finances of the Council;
- Investment in core functions to facilitate the recovery of the Council;

Over a 5-year period.

The strategy is agreed and supported, has been actively managed for one year and is demonstrating an increased awareness within the Council of the situation and making a positive impact on correcting that position. Delivery of the strategy is now well under way providing direct financial benefits.

In relation to the budget the Council's focus has been on identifying areas where it can improve efficiency and productivity; invest in doing things differently to enhance prevention and reduce demand; and identify growth and income opportunities to reduce the need to cut frontline services. On income the Council is acutely focussed on balancing the need for Bradford's charges to be comparable with others with the fact that many of its residents are already facing significant cost of living pressures. Bradford is in a particularly challenging position where the understandable desire to keep charges low is putting at risk the deliverability of services.

The Council can therefore now already demonstrate significant improvement, at pace, in its ambitions for growth, children and young people and attaining financial sustainability. But there is much more to do, and it needs to push forward from enhanced grip and control to service improvement and transformation.

Outlook and Future Issues (continued)

The Council has an embedded process to manage risk and assist in the achievement of its objectives, alongside performance targets. The Corporate Risk Register plays an integral role to support delivery of the Council's priorities and is subject to quarterly review by the Audit and Governance Committee. The latest corporate risk register can be found at:

<https://bradford.moderngov.co.uk/mgConvert2PDF.aspx?ID=38685>

Further Information

Further information about the Council's accounts is available from the Finance Department – email auditqueries@bradford.gov.uk; The Council also publishes a wide range of other financial information including Accounts, Budgets, the Medium Term Financial Strategy, a Council Tax Guide and the Annual Audit Letter on its website:

<https://www.bradford.gov.uk/your-council/your-council/>

The Council is constantly seeking to improve communications with citizens, businesses and other stakeholders, so please tell us whether this information meets your requirements or what changes or additional information you would find helpful.

Explanation of the Financial Statements

The **Statement of Responsibilities** sets out the respective responsibilities of the Council and Director of Finance.

The **Auditor's Report** gives the auditor's (Fovis Mazars) opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as planning, Highways, homelessness and housing benefits administration, and
- Discretionary expenditure focussed on local priorities and needs.

The **Movement in Reserves Statement (MiRS)** summarises the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

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

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year and whether that change is due to operating activities, new investment, or financing activities.

Disclosure Notes provide more detail about the transactions and balances set out in core statements, in particular:

- **Note 1** and 2 sets out the basis of the accounts preparation and accounting policies that have been followed in preparing the accounts and how key accounting requirements have been met in practice.
- **Note 8** compares the CIES with the levels of income and expenditure which are taken into account when setting the annual budget and Council Tax and provides a subjective analysis of the Council's income and expenditure.

The **Supplementary Statements** are:

- The **Housing Revenue Account (HRA)** - this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund** which summarises the collection of Council tax and business rates, and the redistribution of some of that money to the West Yorkshire Fire Authority (WYFA), West Yorkshire Combined Authority (WYCA for PCC function) and central government.
- The **Pension Fund Accounts**, which reports the contributions received, payments to pensioners and the value of the net assets invested in the Local Government Pension Scheme on behalf of employees of the Council and other employers within the West Yorkshire Pension Fund.
- The **Annual Governance Statement** which sets out the governance structures of the Council and an evaluation of its key internal controls.

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

Statement of Responsibilities

The Council's Responsibilities:

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Interim Strategic Director Corporate Resources/S151.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Interim Strategic Director Corporate Resources/S151's Responsibilities:

The Interim Strategic Director Corporate Resources/S151 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 Interim Strategic Director Corporate Resources/S151 has:

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

The Interim Strategic Director Corporate Resources/S151 has also:

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

Issue Date

The date that these Financial Statements were authorised for issue was on 5 February 2026. All known material events that have occurred up to and including this date which relate to 2024/25 or before have been reflected in the statements and notes.

Certification by the Interim Strategic Director Corporate Resources/S151

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Bradford Council as at 31 March 2025 and its income and expenditure for the year then ended. And of the West Yorkshire Pension Fund. I hereby authorise its issue.

05/02/2026

Date



Steven Mair



Interim Strategic Director Corporate Resources/S151

Approval of the Statement of Accounts 2024/25

The Audit and Governance Committee of the City of Bradford Metropolitan District Council, constituted on the basis of political balance, under delegation from full Council, approved the Statement of Accounts for 2024/25 on 20 November 2025.

The Audit and Governance committee is the committee of the Council which is 'charged with governance' in accordance with the requirements of the Accounts and Audit Regulations 2012. It also receives the report of the external auditors, in person, under the same regulations at the end of their annual audit.

06/02/2026

Date

Angela Tait

Councillor Angela Tait

Chair, Audit and Governance committee

City of Bradford Metropolitan District Council



INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of City of Bradford Metropolitan District Council ("the Council) for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account (HRA) – Income and Expenditure Statement, the Statement on the Movement on The Housing Revenue Account, the Collection Fund Statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

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

Basis for opinion

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 for the audit of the financial statements" section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Interim Strategic Director Corporate Resources/S151's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Interim Strategic Director Corporate Resources/S151 with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Interim Strategic Director Corporate Resources/S151 is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Responsibilities of the Interim Strategic Director Corporate Resources/S151 for the financial statements

As explained more fully in the Statement of Responsibilities, the Interim Strategic Director Corporate Resources/S151 is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Interim Strategic Director Corporate Resources/S151 is also responsible for such internal control as the Interim Strategic Director Corporate Resources/S151 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Strategic Director Corporate Resources/S151 is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Interim Strategic Director Corporate Resources/S151 is responsible for assessing each year whether or not it is appropriate for the Council to prepare its 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Council, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, data protection, environmental protection, corruption and anti-bribery.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Council, the environment in which it operates, and the structure of the Council, and considering the risk of acts by the Council which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Governance and Audit Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit;
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2015.

In addition, we evaluated the Interim Strategic Director Corporate Resources/S151's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management, the Head of Internal Audit and the Governance and Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, performing procedures on accounting estimates impacting amounts included in the financial statements and considering any identified significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Governance and Audit Committee.

As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Interim Strategic Director Corporate Resources/S151's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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

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

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2025.

In July 2024 we identified significant weaknesses in relation to financial sustainability and governance for the 2021/2022 year. In our view these significant weaknesses remain for the year ended 31 March 2025:

Significant weakness in arrangements – issued in a previous year	Recommendation
In recent years the Council's budget setting has been based on savings that were unrealistic and were not achieved. This combined with significant overspending, has led to an unsustainable reliance on usable reserves to balance the Council's General Fund.	The Council needs to develop and implement sustainable financial plans to ensure services can be provided within available resources. As part of this, sufficient information should be provided to Members so they can monitor the delivery of planned savings.
In our view this is evidence of a significant weakness in the Council's arrangements for financial sustainability (how the Council identifies and manages risks to financial resilience, plans to bridge funding gaps and identifies achievable savings in order to support the sustainable delivery of services).	
In 2018 Ofsted assessed children's services as 'Inadequate'. Since 2018, Ofsted's ongoing monitoring work has highlighted some progress, concerns remain about the pace of improvements. In our view, Ofsted's ongoing concerns around progress in addressing the identified weaknesses in children's services represent a significant weakness in arrangements in relation to Governance and how the Council implements or achieves progress on recommendations raised as a result of previous recommendations from Ofsted.	In order to fully address ongoing concerns expressed by Ofsted in its 2018 Report and subsequent Monitoring Letters, the Council should continue to improve its arrangements and action plan. The Council should also ensure that robust monitoring and reporting processes are in place and that challenge, scrutiny and escalation arrangements drive the required improvements for service users and sustain the progress made to-date in implementing the actions to address the issues raised by Ofsted.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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. 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.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

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.

Use of the audit report

This report is made solely to the members of City of Bradford Metropolitan District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and 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 the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.



Alastair Newall, Key Audit Partner
For and on behalf of Forvis Mazars LLP (Local Auditor)

One St Peter's Square
Manchester
M2 3DE

10 February 2026

SECTION – 2

CORE FINANCIAL STATEMENTS

Core Financial Statements	Page Number
• <i>Comprehensive Income and Expenditure Statement</i>	28
• <i>Movement in Reserves Statement</i>	29
• <i>Balance Sheet</i>	30
• <i>Cash Flow Statement</i>	31

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focussed on local priorities and needs.

2023/24 restated *				2024/25			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
319,640	(153,566)	166,074	Adult Social Care (incl. Public Health)	332,721	(166,796)	165,925	
662,730	(383,376)	279,354	Children's Services	648,257	(404,438)	243,819	
247,412	(82,698)	164,714	Department of Place	223,444	(93,634)	129,810	
8,535	(4,004)	4,531	Chief Executive	7,710	(4,619)	3,091	
206,344	(149,683)	56,661	Corporate Resources	216,845	(139,734)	77,111	
3,393	(214)	3,179	Financial Services	10,023	(198)	9,826	
15,986	(699)	15,287	Non Service Budgets	11,826	(586)	11,240	
36,531	(60,129)	(23,598)	Central Budgets	64,461	(57,251)	7,210	
1,614	(2,579)	(965)	Housing Revenue Account	3,245	(3,043)	202	
1,502,185	(836,948)	665,237	Cost of Services	1,518,533	(870,299)	648,234	
		35,487	Other operating expenditure			6,671	5
		54,858	Financing and investment income and expenditure			25,655	6
		(568,360)	Taxation and non-specific grant income and expenditure			(576,824)	7
		187,222	(Surplus)/deficit on provision of services	1,518,533	(870,299)	103,736	
		(183)	(Surplus) or deficit on financial assets measured at FVOCI			(291)	29e
		5,577	(Surplus) or deficit on revaluation of property, plant and equipment assets			(41,444)	29a
		(79,896)	Remeasurement of the net defined benefit pension liability			132,634	29f, 30
		(74,502)	Other Comprehensive income and expenditure			90,899	
		112,720	Total Comprehensive income and expenditure			194,635	

* Certain departmental classifications have been restated following organisational changes in 2024–25.

Financial Services was part of Corporate Resource in 2023/24 but is a standalone service in 2024/25. Gross expenditure of £3,393k and gross income of £214k was aggregated within the Corporate Resources line in 2023-24. The prior year comparator has been restated above to record 2023-24 gross expenditure and income within the Financial Service line.

Public Health was part of Chief Executive in 2023-24 but in 2024-25 is aggregated into Adult Social Care. In 2023-24 gross expenditure of £53,996k and gross income of £52,836k was aggregated within the Chief Executive line. The 2023-24 comparator has been restated to include the gross expenditure and income in the Adult Social Care line.

Reclassification provides better comparative analysis across financial years.

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council. It shows how the movement in the Council's reserves is broken down between gains and losses recognised on an accounting basis and the statutory adjustments required to control the amounts chargeable to council tax for the year.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves*	Total Council Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
(Restated) Balance at 31 Mar 2023 **	(22,001)	(149,111)	-	-	(575)	(58,741)	(230,428)	(303,074)	(533,503)	
Movement in reserves during 2023/24										
Other transfer	503		(503)				-	-	-	
(Surplus)/deficit on provision of services	191,825		(4,603)				187,222	-	187,222	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	(74,502)	(74,502)	
Total Comprehensive Income and Expenditure	192,328		(5,106)				187,222	(74,502)	112,720	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(81,532)		4,286	(331)	(104)	(19,125)	(96,806)	96,806	0	14
Capitalisation Direction	(80,000)						(80,000)	80,000	-	
Increase or (decrease) before transfers to earmarked reserves	30,796		(820)	(331)	(104)	(19,125)	10,417	102,303	112,720	
Transfer to/(from) - earmarked reserves	(48,438)	48,438	-		-	-	-	-	-	15
(Restated) Balance at 31 Mar 2024 **	(39,643)	(100,673)	(820)	(331)	(679)	(77,866)	(220,012)	(200,771)	(420,782)	
Movement in reserves during 2024/25										
(Surplus)/deficit on provision of services	102,817		919				103,736	-	103,736	
Other Comprehensive income and expenditure								90,899	90,899	
Total Comprehensive Income and Expenditure	102,817		919				103,736	90,898	194,635	
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(15,341)		(1,539)	(387)		5,695	(11,572)	11,572	0	14
Capitalisation Direction	(120,000)						(120,000)	120,000	-	
Increase or (decrease) before transfers to earmarked reserves	(32,524)		(620)	(387)		5,695	(27,836)	222,471	194,635	
Transfer to/(from) - earmarked reserves	27,698	(27,698)					-	-	-	15
Balance at 31 Mar 2025	(44,469)	(128,370)	(1,440)	(718)	(679)	(72,171)	(247,848)	21,699	(226,149)	

* see Note 29 for further details

**The restatement was a presentational reclassification. As part of preparing these financial statements, a misstatement in the presentation of the General Fund Balance and Earmarked General Fund Reserves in the previous year's Movement in Reserves statement was identified. £50,648K relating to schools reserve balances as at 31 March 2023 was incorrectly included as part of the previously reported opening and closing General Fund Balance with a corresponding understatement of Earmarked General Fund Reserves. The above statement includes a restatement which corrects the error in the previously reported General Fund Balance and Earmarked General Fund Reserves as at 31 March 2023 and 31 March 2024.

There is no impact on any other lines reported in the Movement in Reserves statement or any other primary statement or note to these accounts.

Balance Sheet

The **Balance Sheet** is fundamental to the understanding of the Council's financial position at the year end. It shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council.

2023/24		2024/25	
31-March-2024		31-March-2025	
£'000		£'000	Note
970,954	Property, Plant and Equipment	1,049,261	16
38,986	Heritage Assets	36,311	17
33,765	Investment Property	43,444	18
1,157	Intangible Assets	937	
3,658	Long-term Investments	3,951	21
31,479	Long-term Debtors	1,424	21, 26
107,092	Pension Assets	-	30
1,187,091	Total Long-term Assets	1,135,328	
434	Assets Held for Sale	6,546	19
4,337	Inventories	2,819	
165,858	Short term debtors	163,010	26
38,983	Cash and Cash Equivalents	83,626	20
209,612	Current Assets	256,001	
(86,175)	Short-term Borrowing	(217,558)	21
(154,910)	Short-term Creditors	(162,404)	27
(8,194)	Short-term Provisions	(4,610)	28
(249,279)	Current Liabilities	(384,572)	
(3,129)	Long-term Provisions	(4,180)	28
(528,640)	Long-term Borrowing	(529,102)	20
(54,075)	Pension Liability	(72,521)	30
(3,708)	Lease and Other Deferred Liabilities	(5,675)	21, 23
(120,059)	PFI Liabilities	(150,379)	21
(17,032)	Grants Receipts in Advance – Capital	(18,750)	13
(726,643)	Long-term Liabilities	(780,607)	
420,781	Net Assets	226,149	
(220,012)	Usable Reserves	(247,848)	15
(200,771)	Unusable Reserves	21,699	29
(420,782)	Total Reserves	(226,149)	

Cash Flow Statement

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

2023/24		2024/25	
£'000		£'000	Note
(187,222)	Net surplus or (deficit) on the provision of services	(103,736)	
138,945	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	93,788	31
(117,267)	Adjustment for items included in the net surplus or(deficit) on the provision of services that are investing and financing activities	(103,148)	31
(165,544)	Net cash flows from operating activities	(113,096)	
9,816	Investing Activities	(127)	32
135,608	Financing Activities	157,865	33
(20,119)	Net increase or (decrease) in cash and cash equivalents	44,642	
59,103	Cash and cash equivalents at the beginning of the reporting period	38,984	
38,983	Cash and cash equivalents at the end of the reporting period	83,626	20

SECTION – 3

NOTES TO THE CORE FINANCIAL STATEMENTS

Note Reference	Description	Page Number
Note 1:	<i>Basis of Preparation</i>	
Note 2:	<i>Accounting Policies</i>	
Note 3:	<i>Accounting Standards Issued but Not Yet Adopted</i>	049
Note 4:	<i>Assumptions Made About the Future and Other Sources of Estimation Uncertainty</i>	051
Note 5:	<i>Other Operating Expenditure</i>	052
Note 6:	<i>Financing and Investment Income and Expenditure</i>	
Note 7:	<i>Taxation and Non-Specific Grant Income</i>	
Note 8:	<i>Expenditure and Funding Analysis</i>	053
Note 9:	<i>Pooled budget</i>	057
Note 10:	<i>Members' Allowances</i>	058
Note 10a:	<i>Exit packages and termination benefits</i>	
Note 10b:	<i>Officers' Remuneration</i>	059
Note 11:	<i>External Audit Fees</i>	062
Note 12:	<i>Dedicated Schools Grant (DSG)</i>	
Note 13:	<i>Grants and Contributions</i>	063
Note 14:	<i>Adjustments Between Accounting Basis and Funding Basis Under Regulations</i>	065
Note 15:	<i>Earmarked Reserves</i>	067
Note 16:	<i>Property, Plant and Equipment</i>	068
Note 17:	<i>Heritage Assets</i>	072
Note 18:	<i>Investment Property</i>	
Note 19:	<i>Asset Held for Sale</i>	
Note 20:	<i>Cash and Cash Equivalents</i>	
Note 21:	<i>Financial Instruments</i>	075
Note 22:	<i>Capital Expenditure and Financing</i>	080
Note 23:	<i>Leases</i>	081
Note 24:	<i>Private Finance Initiative and Similar Contracts</i>	085
Note 25:	<i>Fair value of assets and liabilities</i>	089
Note 26:	<i>Debtors</i>	093
Note 27:	<i>Creditors</i>	
Note 28:	<i>Provisions</i>	094
Note 29:	<i>Unusable Reserves</i>	095
Note 29a:	<i>Revaluation Reserve</i>	

SECTION – 3

NOTES TO THE CORE FINANCIAL STATEMENTS

Note Reference	Description	Page Number
Note 29b:	<i>Capital Adjustment Account</i>	096
Note 29c:	<i>Deferred capital receipts reserve</i>	097
Note 29d:	<i>Financial Instruments Adjustment Account</i>	
Note 29e:	<i>Financial Instruments Revaluation Reserve</i>	
Note 29f:	<i>Pensions Reserve</i>	098
Note 29g:	<i>Collection Fund Adjustment Account</i>	
Note 30:	<i>Defined Benefit Pension Schemes</i>	099
Note 31:	<i>Cash Flow Statement - Operating Activities</i>	
Note 32:	<i>Cash Flow Statement - Investing Activities</i>	
Note 33:	<i>Cash Flow Statement - Financing Activities</i>	
Note 34:	<i>Related Party Transactions</i>	110
Note 35:	<i>Contingent Assets and Liabilities</i>	
Note 36:	<i>Material Income and Expenditure</i>	114
Note 37:	<i>Events After the Reporting Period</i>	

Notes to the Core Financial Statements

Note 1: Basis of Preparation

1.1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a "going concern basis" - that is, on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

Note 2: Accounting Policies

2.1. 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Government grants, third party contributions and donations are recognised when there is reasonable assurance that the council will comply with the conditions attached to the payments, and the grants or contributions will be received. Revenue grants are recognised in the comprehensive income and expenditure statement when the conditions attached to the grant or contribution have been satisfied.
- Capital grants are credited to the comprehensive income and expenditure statement when any relevant conditions have been satisfied. This income is then 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 grant conditions have not been satisfied then the monies received are carried in the balance sheet as receipts in advance.
- Accruals are recognised where the value exceeds £10,000.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

2.2. 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 twenty four hours. Cash equivalents are highly liquid 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.

2.3. Employee Benefits**Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within twelve 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.

Employee Accumulated Absence Accrual

An accrual is made 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 made at wage and salary rates applicable in the following financial year. It is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absence Adjustment Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment (before the normal retirement date) or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate Service in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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 three separate pension schemes:

- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- the Local Government Pension Scheme (LGPS), administered by City of Bradford Metropolitan District Council on behalf of the West Yorkshire Pension Fund.
- The NHS Pension Scheme, administered by NHS Business Service Authority

All schemes provide defined benefits to Members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are defined contribution schemes 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 Health & Wellbeing line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

The LGPS 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 bonds.

Note 2: Accounting Policies (continued)

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
- unitised securities – current bid price
- property – market value

Changes in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - Current service cost for the increase in liabilities arising from the service earned in the year is recognised as a charge in the CIES to the services for which the employees worked.
 - Past service cost arises from scheme amendment or curtailment whose effect relates to years of service earned in earlier years is recognised as a charge to the Provision of Services in the CIES.
 - Gains or losses on settlements is the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. It is recognised as Surplus or Deficit on the Provision of Services in the CI&E.
 - Net interest expense (income) on the defined benefit liabilities (assets) is charged to the Financing and Investment Income and Expenditure line in the CI&E. This represents the change during the period in the net defined benefit liability (asset) that arises from the passage of time and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses - changes in the 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. It is charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Any change in the effect of the asset ceiling* (where applicable), excluding amounts included in net interest on the net defined benefit liability (asset) – recognised in the pension reserve as Other Comprehensive Income and Expenditure.
 - 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.

*Asset ceiling – a net pension surplus occurs when gross pension assets are greater than the gross pension liabilities. In accordance with IAS19, the pension surplus that can be recognised in the balance sheet is the lower of the IAS19 asset surplus and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of reductions in future contributions.

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.

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 30 relating to the Pension Reserve.

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.

Note 2: Accounting Policies (continued)

2.4. Charges to Revenue for Non – Current Assets

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

- o Depreciation attributable to the assets used by the relevant service.
- o 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.
- o Amortisation of intangible non-current 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, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

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.

2.5. 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:

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

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

2.6. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their cashflow characteristics.

Financial Liabilities

Financial liabilities 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) 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.

The Council's financial liabilities include borrowings, trade and other payables. For most of the borrowings held by the Council, 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 that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the 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.

Note 2: Accounting Policies (continued)

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. Financial assets are classified into one of the following categories:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- Financial assets measured at fair value through profit or loss (FVPL)

The council's financial assets include trade receivables, loans to third parties, investments and bank deposits.

Financial Assets at Amortised Cost

Financial assets measured at amortised cost are those which are held within a business model whose objective is to collect the contractual cashflows and the contractual terms of the financial assets give rise to cash flows which are solely payments of principal and interest on the principal outstanding.

Financial assets are initially measured at fair value and are subsequently measured at 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.

As the Council's business model is to hold investments to collect contractual cash flows, most financial assets are classified at amortised cost. 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.

Financial Assets measured at FVOCI

Financial Assets that are measured at FVOCI are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are charged to OCIE within the CIES and taken to the Financial Instruments Revaluation Reserve (FIRR).

Financial assets measured at FVPL

These assets are measured and carried at fair value. All gains and losses due to changes in fair value are charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement as they arise.

Expected Credit Loss Model

The Council considers expected credit losses on all of its financial assets held at amortised cost, 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.

2.7. Government Grants and Contributions

Government grants and third-party contributions are recognised when there is reasonable assurance that:

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

Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied.

Capital grants are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the capital grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, the capital grant 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.

2.8. 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.

Heritage assets 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 based on 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 2024) 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. Items in Museum collections are only included in the balance sheet, where an independent valuation is available. Items in Museum collections are only included in the balance sheet, where an independent valuation is available.

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.

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.

2.9. Interests in Companies and Other Entities

The Council does not have material interests in companies that have the nature of subsidiaries and which require it to prepare group accounts. An assessment of the Council's interests has been carried out during the year to determine the relationships that exist and whether they should be included in the Council's Group accounts. In the Council's single entity accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provision for losses.

2.10. 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.

2.11. 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 the 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.

2.12. Leases**The Council as Lessee**

The Council applies IFRS 16 Leases to reflect lease obligations and rights-of-use assets in its financial statements.

Initial measurement

The Council recognises lease liabilities and corresponding right-of-use assets for all material lease arrangements identified under IFRS 16. Lease liabilities are measured at the present value of lease payments, discounted using the Council's incremental borrowing rate. Right-of-use assets are measured based on the value of lease liabilities, adjusted for any prepayments, lease incentives, or restoration obligations. Right-of-use property assets are measured at cost or revaluation.

Wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

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

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

Subsequent measurement

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

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

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

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

Note 2: Accounting Policies (continued)

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

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

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

The 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Note 2: Accounting Policies (continued)

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.

2.13. Overheads and Support Services

Where support services are a department in their own right, they are recognised in the CIES in line with the Council's departmental management structure. Otherwise overheads are recharged to services in accordance with the Council's arrangements for accountability and financial performance.

2.14. 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

Asset type	Measurement basis
Vehicles, plant and equipment, infrastructure	Depreciated historical cost basis is used as a proxy for current value
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV-SH)
Assets under construction	Cost
Surplus assets	Fair value, estimated at highest and best use from a market participant's perspective
School buildings and other specialised assets	Depreciated replacement cost which is used as an estimate of current value
Community Assets	Current Value, historical cost has been used when this is an appropriate stand-in for current value.
All other assets	Current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Note 2: Accounting Policies (continued)

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 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 for 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 as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service 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 charged in the year after of asset addition or recognition of right of use.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amount of assets, net of their residual value, over their estimated useful lives as follows:

- Council dwellings - up to 60 years
- Other buildings - 5 - 60 years
- Vehicles, plant, furniture and equipment - 3 - 25 years
- PFI - 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.

Authorities are also required, by the Accounts and Audit Regulations 2015, to establish and maintain the Major Repairs Reserve (MRR). The main credit to the MRR is an amount equivalent to the total depreciation charges for all HRA assets. Repairs and maintenance expenditure is charged to the appropriate service revenue account.

Disposals and Non-Current Assets Held for Sale

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

Note 2: Accounting Policies (continued)

Highways Infrastructure Assets

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

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost, however this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April (1994 England and Scotland), which was deemed at that time to be historical cost.

Impairment

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

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

Useful lives of the various parts of the highways network are assessed by the Highways Engineer using industry standards where applicable, over 5 to 100 years as appropriate.

Derecognition and disposals

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

2.15. 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.

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

The unitary payments made for the PFI schemes annually are split, using estimation techniques, into separate elements:

- Fair value of the services received during the year - charged to the relevant service in the Comprehensive Income and Expenditure Statement (CI&E).
- Financing costs - an interest charge on the outstanding Balance Sheet liability, charged to the Financing and Investment Income and Expenditure line in the CI&E.
- Payment toward liability - applied to write down the Balance Sheet liability (the profile of write down is calculated using the same principles as for leases).
- Lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

2.16. Provisions, Contingent Liabilities and Contingent Assets**Provisions**

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES 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.

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.

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.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities in a note to the accounts unless the outflow of resources is remote.

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.

2.17. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance in the MiRS to the relevant earmarked reserve.

Where revenue expenditure is financed from a reserve a credit is made the General Fund or the HRA Balance from the relevant earmarked reserve via the MiRS. These reserves are classed as usable reserves and itemised in Note 15.

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 29.

2.18. Revenue Expenditure Funded from Capital under Statute

Legislation requires defined items of expenditure charged to services within the CIES to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance to the Capital Adjustment Account via the MiRS and is included in the Capital Expenditure and Financing disclosure. This includes grants and other assistance given to outside bodies and individuals for capital purposes.

Note 2: Accounting Policies (continued)

2.19. Schools

Local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) are considered to be under the control of the Council. Therefore, the income, expenditure, assets and liabilities of maintained schools are accounted for in the single entity accounts of the Council. This includes all community schools, and some foundation and voluntary controlled schools. Other types of schools, such as academies and free schools are outside of the Council's control and are therefore not included in the Council's Statement of Accounts.

2.20. 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 within the Council's income and expenditure account.

2.21. 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.

2.22. 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.

2.23. 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.

Note 2: Accounting Policies (continued)

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 3: Accounting Standards Issued but Not Yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 25/26:

a. IAS 21 The Effects of Changes in Foreign Exchange Rates

Amendments to IAS 21 address the lack of exchangeability. These amendments provide guidance on how to account for situations where a currency cannot be exchanged for another currency.

b. IFRS 17 Insurance Contracts

IFRS 17 will replace IFRS 4 Insurance Contracts and introduces a consistent accounting model for insurance contracts. This standard requires entities to provide information that faithfully represents insurance contracts, enhancing comparability and transparency.

These amendments are not anticipated to have a significant impact on the council's accounts.

Note 3: Critical Judgements in Applying Accounting Policies (continued)

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

Heritage Assets

- 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.

Schools

- 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 (41 in total). All other schools (11) 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.

Group Entities

- The Council has a number of interests in other entities which fall within the group accounting boundary on the grounds of control and significant influence in line with the Code. However, none of them is material in aggregate and thus warrant consolidation into the Council's Group Accounts.
- On 1 April 2023 the Council transferred a number of staff to its newly established subsidiary, Bradford Children and Families Trust (BCFT) Ltd. As part of the transfer agreement all liabilities remained with the Council, and the Council agreed to provide a guarantee to the company in respect of all ongoing contributions relating to the Pension Fund such that the costs pass-through to the Council every quarter. Management's view is that this guarantee provides a constructive obligation on the Council to meet the post-employment benefits of all staff who transferred to the company and all current service costs accrued since transfer. Accordingly, the Council has accounted for the liabilities of staff transferred to BCFT as part of the defined benefit liabilities of the Council in Note 30 and in accordance with IAS 19 and Chapter 6.4 of the Code.

Note 4: Assumptions Made About the Future and Other Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet as at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - valuations	<p>The Council's external valuer provide valuations as at 31 March based on a 5-year rolling programme of valuations. As at 31 March 2025, the total value of Property, Plant & Equipment held at revaluation is £575m, of which 24% has been revalued in 2024/25.</p> <p>Valuations are compiled by an expert using recognised measurement techniques and based on professional guidance. The underlying data is considered to be reliable and the scope to use judgement and change assumptions limited.</p> <p>The valuations are undertaken by qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) professional standards.</p> <p>The valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs (such as floor area) that must be used to apply valuations. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council's external valuers.</p>	<p>A variation of 10% in the value of the council's land and buildings would be approximately £48.8 million. A reduction in the estimated valuations would result in a reduction to the revaluation reserve and / or a loss charged to the comprehensive income and expenditure statement.</p>
Net Pensions Liability	<p>The Council had a net pension liabilities of £72.49m at 31 March 2025. Estimation of the net liability or asset 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 Solutions UK Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>An increase in estimated valuations would result in the reversal of any negative revaluations previously charged to the comprehensive income and expenditure statement and / or increases to the revaluation reserve and / or gains charged to the comprehensive income and expenditure statement.</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 £31.7m – a decrease from £2,114.172m to £2,082.459m. Note 30 Defined Benefit Pension Schemes provides more information on the sensitivity analysis.</p>

Note 5: Other Operating Expenditure

2023/24		2024/25
£'000		£'000
3,073	Parish Council Precepts	3,581
32,414	(Gains)/losses on the disposal of non-current assets	3,090
35,487	Total	6,671

Note 6: Financing and Investment Income and Expenditure

2023/24		2024/25
£'000		£'000
39,546	Interest payable and similar charges	44,116
29	Net interest on the net defined benefit liability (asset)	(3,844)
(1,649)	Interest receivable and similar income	(2,991)
15,175	Income and expenditure relating to investment properties and changes in their fair value	(12,724)
(577)	Other Investment Income	(277)
2,334	Net Deficit/(Surplus) on Trading Accounts	1,375
54,858	Total	25,655

Note 7: Taxation and Non-Specific Grant Income

2023/24		2024/25
£'000		£'000
(238,297)	Council tax income	(251,194)
(55,914)	Non-domestic rates income and expenditure	(61,790)
(161,404)	Non-ringfenced government grants	(172,372)
(112,745)	Capital grant and contributions	(91,468)
(568,360)	Total	(576,824)

Note 8: Expenditure and Funding Analysis

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

2023/24				2024/25		
Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances		Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances
£'000	£'000	£'000		£'000	£'000	£'000
166,074	(3,411)	162,663	Adult Social Care (incl. Public Health)	165,925	314	166,240
279,354	(49,202)	230,152	Children's Services	243,819	(18,528)	225,291
164,714	(88,387)	76,327	Department of Place	129,810	(60,637)	69,173
4,531	(243)	4,288	Chief Executive	3,091	(100)	2,991
56,661	(9,947)	46,714	Corporate Resources	77,111	(28,573)	48,539
3,179	(69)	3,110	Financial Services	9,826	(5,126)	4,700
15,287	(7,828)	7,459	Non Service Budgets	11,240	(2,885)	8,356
(23,598)	(7,896)	(31,494)	Central Budgets	7,210	(36,533)	(29,323)
(965)	(331)	(1,296)	Housing Revenue Account	202	(2,014)	(1,812)
665,237	(167,315)	497,923	Net Cost of Services	648,234	(154,081)	494,153
(478,015)	9,738	(468,277)	Other Income and Expenditure	(544,498)	16,815	(527,683)
187,222	(157,577)	29,645	(Surplus)/Deficit	103,736	(137,267)	(33,531)
		(171,112)	Opening General Fund and HRA Balance			(141,467)
		(141,467)	Closing General Fund and HRA Balance*			(174,998)

* for a split of this balance between the general fund and the HRA – see the movement in reserves statement

Note 8a: Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes	2023/24				2024/25			
	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(1,516)	(1,523)	(372)	(3,411)	Adult Social Care (incl. Public Health)	1,175	(827)	(35)	314
(54,642)	2,772	2,669	(49,202)	Children's Services	(20,134)	2,870	(1,264)	(18,528)
(86,223)	(1,876)	(288)	(88,387)	Department of Place	(59,552)	(1,062)	(23)	(60,637)
(2)	(177)	(64)	(243)	Chief Executive	(2)	(98)	(0)	(100)
(8,594)	(1,181)	(172)	(9,947)	Corporate Resources	(27,931)	(653)	11	(28,573)
-	(69)	-	(69)	Financial Services	(5,083)	(40)	(3)	(5,126)
(11,296)	3,468	-	(7,828)	Non Service Budgets	(6,133)	3,253	(4)	(2,885)
(7,900)	-	4	(7,896)	Central Budgets	(36,533)	-	-	(36,533)
(331)	-	-	(331)	Housing Revenue Account	(2,014)	-	-	(2,014)
(170,505)	1,414	1,776	(167,315)	Net Cost of Services	(156,207)	3,443	(1,318)	(154,081)
6,267	(376)	3,847	9,738	Other income and expenditure from the Funding Analysis	17,161	3,653	(3,999)	16,815
(164,238)	1,038	5,623	(157,577)	Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services	(139,046)	7,096	(5,317)	(137,267)

Note 8b: Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

This column adjusts for the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

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

Note 8c: Expenditure and Funding Analysis (continued)

Other Adjustments

Other adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Services and Other Operating Expenditure** – this represents removal of the annual leave accrual adjustment.
- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts and removal of Effective Interest Rate on stepped interest loans.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Segmental Income

The following analysis shows revenues from external customers included within the Net Expenditure Chargeable to the General Fund in the Expenditure and Funding Analysis:

2023/24		2024/25
£'000		£'000
(34,584)	Adult Social Care (incl. Public Health)	(40,235)
(31,623)	Children's Services	(40,781)
(66,011)	Department of Place	(71,647)
(3,029)	Chief Executive	(775)
(43,882)	Corporate Resources	(31,779)
-	Financial Services	(50)
(13,898)	Non Service Budgets	(6,699)
(2,579)	Housing Revenue Account	(3,043)
(195,606)	Total Income	(195,009)

Revenue from External Customers - Income from organisations/individuals from outside the Council, excluding any grant income.

Note 8c: Expenditure and Funding Analysis (continued)

Expenditure and income analysed by nature of activity

2023/24		2024/25
£'000		£'000
Expenditure		
414,097	Employee Benefit Expenses	411,276
968,423	Other Service Expenses	1,021,444
133,071	Depreciation, Amortisation, Impairment	65,865
39,546	Interest Payments	44,116
3,073	Parish Council Precepts	3,581
22,986	Levies	23,045
29	Net Interest on the Pension Net Defined Benefit Liability (Asset)	(3,844)
31,434	Losses on Disposals	3,090
1,612,659	Total expenditure	1,568,573
Income		
(195,606)	Fees, charges and other service income	(195,009)
(2,226)	Interest and investment income	(3,268)
(294,211)	Income from council tax, non-domestic rates	(312,984)
(933,393)	Government grants and contributions	(953,576)
(1,425,437)	Total income	(1,464,837)
187,222	(Surplus) or Deficit on the Provision of Services	103,736

Note 9: Pooled budget

Section 75 of the National Health Service Act 2006 gives powers for NHS bodies and local authorities to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed local authority and prescribed NHS functions.

Better Care Fund (BCF)

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 Integrated Better Care Fund (iBCF) in 2024-25 was £89.856m. It is a pooled budget with the NHS West Yorkshire Integrated Care Board (ICB).

Whilst the section 75 agreement between the ICB 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 ICB 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 ICB'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.

2023/24			2024/25	
BCF	iBCF		BCF	iBCF
£'000	£'000		£'000	£'000
		Funding provided:		
(1,745)	-	Bradford & Airedale Community Equipment	(1,844)	-
(25,016)	(22,388)	Bradford Council	(26,431)	(23,388)
(3,279)	-	Local Authority Discharge Funding	(5,465)	-
(5,585)	-	Capital Funding	(6,374)	-
(23,518)	-	West Yorkshire Integrated Care Board	(26,354)	-
(59,143)	(22,388)	Total Funding	(66,468)	(23,388)
		Expenditure		
36,687	22,388	Bradford Council	41,161	23,388
23,518	-	West Yorkshire Integrated Care Board	26,354	-
60,205	22,388	Total Expenditure	67,515	23,388
1,062	-	Net surplus/loss	1,047	-

Note 10: Members' Allowances

The Council paid allowances to its members in 2024/25 of £1.747 million (£1.754 million in 2023/24).

Note 10a: Exit packages and termination benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0 - £20,000	1	16	35	23	36	39	198,458	259,877
£20,001 - £40,000	1	3	3	11	4	14	111,718	367,636
£40,001 - £60,000		1	2	9	2	10	87,235	472,338
£60,001 - £80,000		1	2	3	2	4	148,450	261,175
£80,001 - £100,000	1	-		1	1	1	98,781	86,964
£100,001 - £150,000	1	1		1	1	2	108,954	257,295
£150,001 - £200,000		1	1	-	1	1	153,461	158,499
Total	4	23	43	48	47	71	907,057	1,863,784

Note 10b: Officers' Remuneration

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2024/25	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Notes
Post holder information						
Chief Executive - Lorraine O'Donnell	250,218	-	250,218	41,286	291,504	1
Strategic Director Corporate Resources - Joanne Hyde	166,945	-	166,945	27,546	194,491	1
Strategic Director Children's Services - Marium Haque	159,345	-	159,345	26,292	185,637	
Strategic Director Adult Social Care & Health - Iain MacBeath	162,301	-	162,301	26,780	189,081	
Strategic Director Place - David Shepherd	157,862	-	157,862	26,047	183,909	
Interim Director Finance - Steven Mair	251,350	-	251,350	-	251,350	2
Managing Director WYPF - Euan Miller	157,862	-	157,862	26,047	183,909	3
Chief Investment Officer - WYPF - Leandros Kalisperas	167,104	-	167,104	25,967	193,071	3/4
Interim Director of Legal & Governance	114,971	-	114,971	18,970	133,941	1
Assistant Director Office of the Chief Executive	108,925	-	108,925	17,973	126,898	
Director of Public Health	71,866	-	71,866	12,263	84,129	5
Acting Director of Public Health	40,242	-	40,242	6,793	47,035	6
		-	-		-	

Note 1: *In accordance with the Pay Policy Statement 24/25, the Chief Executive/SD Corporate Resources and Interim Director Legal & Governance received fee payments for their roles as Deputy/Returning Officer (UK Parliamentary General Election) and Deputy/Local Returning Officer (West Yorkshire Combined Authority Mayoral Election).

Note 2: Excludes fee of £47,847 paid to agency

Note 3: Bradford Council administers the WYPF on behalf of its participating employers and members. WYPF sets its own budgets and all costs, including payroll costs, are absorbed by the Fund;

Note 4: Employment ceased on 17/01/25

Note 5: Employment ceased on 17/11/24

Note 6: From 18/11/24

Note 10b: Officers' Remuneration (continued)

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2023/24	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Notes
Post holder information						
Chief Executive - Kersten England to 15/10/23	111,552	-	111,552	18,741	130,293	
Chief Executive - Lorraine O'Donnell	97,532	-	97,532	16,385	113,917	1
Strategic Director Corporate Resources - Joanne Hyde	158,342	-	158,342	26,601	184,943	
Strategic Director Children's Services - Marium Haque	154,012	-	154,012	25,874	179,886	
Strategic Director Adult Social Care & Health - Iain MacBeath	158,342	-	158,342	26,601	184,943	
Strategic Director Place - David Shepherd	152,205	-	152,205	25,570	177,775	
Interim Director Finance - Steven Mair	48,448	-	48,448	-	48,448	2
Director of Finance, Procurement and IT to 31/01/2024	253,125	-	253,125	-	253,125	
Director of Human Resources	112,403	-	112,403	18,884	131,287	
Director of Legal & Governance to 31/01/24	90,260	-	90,260	15,164	105,424	
Interim Director of Legal & Governance from 01/02/24	17,711	-	17,711	2,987	20,698	6
Director of Public Health	112,403	-	112,403	18,974	131,377	
Assistant Director - Office of the Chief Executive	106,268	-	106,268	17,853	124,121	
Strategic Equality, Diversity & Inclusion Lead	75,387	-	75,387	12,665	88,052	
Director of Research Health Determinants Research Collaboration (HDRC)	43,603	-	43,603	12,265	55,868	3
Interim Director of Research Health Determinants Research Collaboration (HDRC)	38,818	-	38,818	6,521	45,339	4
Managing Director WYPF - Euan Miller	152,450	-	152,450	25,612	178,062	5
Chief Investment Officer - WYPF - Leandros Kalisperas	206,999	-	206,999	34,776	241,775	5

Note 1: Commenced employment on 16/10/23

Note 2: From 02/01/24

Note 3: To 05/11/2023. This post is fully funded through an award from the National Institute for Health Research.

Note 4: From 06/11/23. This post is fully funded through an award from the National Institute for Health Research.

Note 5: Bradford Council administers the WYPF on behalf of its participating employers and members. WYPF sets its own budgets and all costs, including payroll costs, are absorbed by the Fund;

Note 6: From 01/02/24

Note 10b: Officers' Remuneration (continued)

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

Remuneration band	2023/24	2024/25
	Number of employees	Number of employees
£50,000 - £54,999	332	373
£55,000 - £59,999	177	182
£60,000 - £64,999	95	96
£65,000 - £69,999	44	55
£70,000 - £74,999	28	46
£75,000 - £79,999	26	29
£80,000 - £84,999	30	20
£85,000 - £89,999	17	27
£90,000 - £94,999	11	11
£95,000 - £99,999	12	20
£100,000 - £104,999	1	6
£105,000 - £109,999	5	6
£110,000 - £114,999	1	2
£115,000 - £119,999	5	-
£120,000 - £124,999	-	1
£125,000 - £129,999	-	-
£130,000 - £134,999	-	1
£135,000 - £139,999	-	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	1	-
£170,000 - £174,999	-	1
Total	785	876

Note 11: External Audit Fees

The Council's external auditors for the audit of the Statement of Account in 2024-25 are Forvis Mazars LLP. The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2023/24		2024/25
£'000		£'000
443	Fees payable in relation to the audit of the Statement of Accounts *	474
-	Fees payable in relation to prior years audit variations**	98
443		572

* The audit work for 2024/25 has not yet been completed and the final fee is still to be determined.

** Audit fee variation paid in 2024-25 for prior year as agreed with PSAA.

Note 12: 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 £729,683m for financial year 2024-25 (£673,825m in 2023-24), see the table below:

2023/24			Schools budget funded by Dedicated Schools Grant	2024/25		
Central expenditure	Individual Schools budget (ISB)	Total		Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		673,825	Final DSG before Academy recoupment			729,683
		(411,822)	Academy figure recouped			(447,813)
		262,003	Total DSG after recoupment			281,871
		36,521	Brought forward DSG			36,399
		(29,522)	Less carry forward agreed in advance			(14,570)
105,572	163,429	269,002	Agreed Initial budgeted distribution	127,077	176,623	303,699
934	336	1,270	In year adjustments	-	(889)	(889)
106,506	163,765	270,272	Final Budgeted Distribution	127,077	175,733	302,810
101,232	-	101,232	less Actual central expenditure	121,510	-	121,510
-	162,162	162,162	less Actual ISB deployed to schools	-	171,242	171,242
5,274	1,603	6,877	In-year carry-forward	5,567	4,492	10,059
		29,522	Carry Forward agreed in advance			14,570
		36,399	Carry Forward			24,629

Note 13: Grants and Contributions

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

2023/24		2024/25
£'000		£'000
Credited to Taxation and non-specific grant income		
(40,305)	Revenue Support Grant	(42,975)
(590)	New Homes Bonus Grant	(767)
(120,509)	Other General Government Grants	(128,631)
(161,404)	Total of Non-ringfenced grants	(172,372)
Capital grant and contributions		
(112,745)	Other capital contributions	(91,468)
(112,745)	Total Capital grants and contributions	(91,468)
Credited to services		
(106,428)	Rent Allowance: subsidy (DWP)	(105,901)
(11,570)	Household Support Fund (MHCLG)	(12,027)
(27,706)	Education and Schools (DfE)	(31,482)
(27,301)	PFI special grant (DfE)	(27,301)
(262,003)	Dedicated Schools Grant (DfE)	(281,871)
(13,265)	Pupil Premium grant (DfE)	(11,448)
(39,805)	Adult Social Care Support Grant (MHCLG)	(52,021)
(12,331)	Independent Living Fund	(15,616)
(45,306)	Public Health Grant (DH)	(46,763)
(23,388)	NHS Adult Social Care Grant	(23,388)
(5,632)	MHCLG Service Grant	(972)
(38,341)	Other revenue grants and contributions	(46,999)
(613,077)	Total grants and contributions credited to Net Cost of Services	(655,789)

Note 13: Grant Income (continued)

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 could require the money to be returned to the awarding body. The balances shown below are included in the Balance Sheet in Capital Grants Receipts in Advance under Long Term Liabilities. The balances as at 31 March 2025 are as follows:

2023/24		2024/25
£'000		£'000
(15,908)	Capital grants & contributions receipts in advance	(17,032)
(1,124)	Developer's contributions	(1,718)
(17,032)	Total	(18,750)

Note 14: Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2024/25	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	7,096		-	-	-	(7,096)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	278		-	-	-	(278)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(4,287)		-	-	-	4,287
Holiday pay (transferred to the Accumulated Absences Reserve)	(1,307)		-	-	-	1,307
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(60,592)	(2,014)	-	-	-	62,606
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	11,683		(11,683)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	(424)		424	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)				-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve		387		(387)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	32,693			-	-	(32,693)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,214	88	-	-	-	(5,302)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-		11,259			(11,259)
Use of the Major Repairs Reserve to finance capital expenditure	-					-
Application of capital grants to finance capital expenditure	(5,695)				5,695	-
Exceptional Financial Support Capitalisation Direction	(120,000)					120,000
Total Adjustments	(135,341)	(1,539)	-	(387)	5,695	131,572

Note 14: Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

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

2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	1,038	-	-	-	-	(1,038)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	278	-	-	-	-	(278)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	3,613	-	-	-	-	(3,613)
Holiday pay (transferred to the Accumulated Absences Reserve)	1,732	-	-	-	-	(1,732)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(133,954)	3,844	-	-	-	130,110
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,537	-	(4,537)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	-			-	-	-
Used for debt repayment/Flexible use	(4,418)	-	4,418	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	331	-	(331)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	21,110	-	-	-	-	(21,110)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,407	111	-	-	-	(5,518)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	15	-	-	(15)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	-
Application of capital grants to finance capital expenditure	19,125	-	-	-	(19,125)	-
Exceptional Financial Support Capitalisation Direction	(80,000)		-	-	-	80,000
Total Adjustments	(161,532)	4,286	(104)	(331)	(19,125)	176,806

Note 15: Earmarked Reserves

Movement in Earmarked reserves	01 April 2023	Transfers Out	Transfers In	Balance at 31 March 2024	Transfers Out	Transfers In	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 Corporate Budget Strategy Reserve	(35,716)	29,738	(245)	(6,223)	7,668.00	(50,737)	(49,292)
Total Corporate reserves	(35,716)	29,738	(245)	(6,223)	7,668.00	(50,737)	(49,292)
2 Service Reserves	(45,346)	29,184	(15,691)	(31,853)	10,147.00	(5,394)	(27,100)
General Fund earmarked reserves	(81,062)	58,922	(15,936)	(38,076)	17,815.00	(56,131)	(76,392)
3 Grant related reserves (General Fund)	(17,401)	6,524	(4,623)	(15,500)	5,816.00	(4,548)	(14,232)
4 Schools reserves	(50,648)	3,551	-	(47,097)	9,350.40		(37,747)
Total Earmarked reserves	(149,111)	68,997	(20,559)	(100,673)	32,981.40	(60,679)	(128,371)

¹ The **Corporate Budget Strategy Reserve** has been set aside to support the overall budget strategy: it will be used to manage risks, contribute towards managing any future reductions in government support, provide a source for investing in achieving future reductions and, enable some of the Council's urgent priorities access to funds.

² The **Service Reserve** hold funds earmarked for service activities.

³ The **Grant Related Reserve** holds unused grant monies received by the Council.

⁴ The **Schools Reserves** are at the disposal of the schools and are not available to the Council for general use.

A full list of earmarked reserves is published annually as part of the Council's Revenue and Capital Outturn Report to the Executive.

Note 16: Property, Plant and Equipment

Values as at 31 March 2025

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2024/25	Operational assets				Non-operational assets		Total	PFI Assets
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment	Included in Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2024	33,018	483,151	72,804	57,610	17,566	31,899	696,048	19,562
IFRS16 adjustment *	-	2,989	51	-	-	-	3,040	-
Additions	53	33,711	12,579	2,050	780	12,837	62,010	470
Revaluation increases/(decreases) recognised in the revaluation reserve	594	41,586	-	475	1,158	-	43,813	-
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(2,344)	(28,165)	-	(2,890)	(2,970)	-	(36,369)	-
Derecognition – disposals	-	(9,195)	(11,243)	(44)	(3,429)	-	(23,911)	-
Other transfers/movements	-	(14,562)	-	2,181	4,077	(2,280)	(10,584)	-
At 31 March 2025	31,321	509,515	74,191	59,382	17,182	42,456	734,047	20,032
Accumulated depreciation and impairment								
At 1 April 2024	(332)	(10,568)	(39,326)	-	(449)	-	(50,675)	-
Depreciation charge	(386)	(16,201)	(8,489)	-	(1)	-	(25,077)	(517)
Depreciation written out to the revaluation reserve	-	306	-	-	-	-	306	-
Depreciation written out to the surplus/(deficit) on the provision of services	717	4,263	-	-	506	-	5,486	-
Derecognition – disposal	-	453	11,145	-	302	-	11,900	-
Other transfers/movements	-	540	-	-	(381)	-	159	-
At 31 March 2025	(1)	(21,207)	(36,670)	-	(23)	-	(57,901)	(517)
Net book value at 31 March 2024	32,686	472,583	33,478	57,610	17,117	31,899	645,373	19,562
Net book value at 31 March 2025	31,320	488,308	37,521	59,382	17,159	42,456	676,146	19,515

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

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

* The IFRS 16 adjustment relates to the transition to IFRS 16 for leases. The Council has assets under operating leases that were not disclosed on the balance sheet and which now require disclosure. The NBV of right of use assets is £3m (Note 23 provide further detail).

Note 16: Property, Plant and Equipment (continued)

Values as at 31 March 2024

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2023/24	Operational assets				Non-operational assets		Total	PFI Assets
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Property, plant and equipment	Included in Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2023	28,351	568,927	62,762	56,027	16,944	42,500	775,511	33,652
Additions	4,667	12,210	13,361	404	755	30,358	61,755	673
Revaluation increases/(decreases) recognised in the revaluation reserve		(12,782)		754	859		(11,169)	
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services		(90,064)		425	(403)		(90,042)	(4,423)
Derecognition – disposals		(35,185)	(3,319)		(159)		(38,663)	(10,340)
Other transfers/movements		40,045			(430)	(40,959)	(1,344)	
At 31 March 2024	33,018	483,151	72,804	57,610	17,566	31,899	696,048	19,562
Accumulated depreciation and impairment								
At 1 April 2023	(1)	(15,774)	(34,427)	-	(492)	-	(50,694)	(733)
Depreciation charge	(405)	(15,247)	(8,177)		(32)		(23,861)	(755)
Depreciation written out to the revaluation reserve	59	5,590					5,649	
Depreciation written out to the surplus/(deficit) on the provision of services	15	13,513			34		13,562	1,094
Derecognition – disposal		1,231	3,278		32		4,541	394
Other transfers/movements		119			9		128	
At 31 March 2024	(332)	(10,568)	(39,326)	-	(449)	-	(50,675)	-
Net book value at 31 March 2023	28,350	553,153	28,335	56,027	16,452	42,500	724,817	32,919
Net book value at 31 March 2024	32,686	472,583	33,478	57,610	17,117	31,899	645,373	19,562

Infrastructure Assets

2023/24		2024/25
£'000		£'000
281,315	Net Book Value (modified historical cost) at 1st April	325,582
59,666	Additions	64,816
(15,399)	Depreciation	(17,283)
325,582	Net Book Value (modified historical cost) at 31st March	373,115

Net Book Value Property, Plant and Equipment (including infrastructure)

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

2023/24		2024/25
£'000		£'000
325,582	Infrastructure Assets	373,115
645,373	Other Property, Plants and Equipment	676,146
970,955	Total	1,049,261

Note 16: Property, Plant and Equipment (continued)
Valuations

Operational and non-operational assets have been valued by qualified officers in Montagu Evans, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Revaluations are planned through a five year rolling programme and have been listed in the table over in the year they were revalued.

Assets reviewed were valued as at the 31st March 2025. Valuations were undertaken on the basis of current value in existing use, depreciated replacement cost/ modern equivalent asset and current value market value. Standard assumptions associated with each basis of valuation have been applied, no other additional assumptions being made individually for each asset.

	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		86	37,521	310	373,115	20,483	42,456	473,971
Held at valuation value in								
2019-20 and prior		647		3		24		674
2020-21		11,874		32		618		12,524
2021-22		15,522		142		1,338		17,002
2022-23		20,507		300		29,111		49,918
2023-24		354,245		549		4,442		359,236
2024-25	31,320	85,427		15,823		3,365		135,935
Total	31,320	488,308	37,521	17,159	373,115	59,381	42,456	1,049,260

There are several assets in the community and surplus asset categories held at historic cost. For these assets, the historic cost, i.e., purchase price, is a reasonable approximation of fair value and so they are not included in the 5 year revaluations programme.

The Council constructed a number of dwellings for rent, which are managed by a housing association on its behalf. The Council has established an HRA in reliance on a Direction from the Secretary of State from 1st April 2023.

Capital Commitment

Capital commitment has decreased to £50.4m in 2024-25 from £80.8m in 2023-24 mainly due to contracts of Transforming City Fund coming to end.

Note 17: Heritage Assets

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.

2023/24					2024/25			
Museum collection	Civic regalia	Statues & Monuments	Total Assets		Museum collection	Civic regalia	Statues & Monuments	Total Assets
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
36,808	2,065	113	38,986	Balance at 1 April	36,808	2,065	113	38,986
-	-	-	-	Revaluation increases/(decreases) recognised in the revaluation reserve	(2,675)			(2,675)
36,808	2,065	113	38,986	Balance at 31 March	34,133	2,065	113	36,311

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.bradfordsmuseums.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 2024 there was a review of the major pieces of the Fine Art Collection held at Cartwright Hall by external valuers Tenants. For those items reviewed by Tenants they have been included on the Balance Sheet based on auction values (lower range).

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. 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.

Note 17: Heritage Assets (continued)

Civic Regalia

The Council's external valuer for its Civic Regalia carried out a full valuation of the collection as at September 2022. The valuations are based on commercial markets. The valuations are updated approximately every ten years and the next one is due to be completed in 2032. The Council's Civic Regalia is mainly held in City Hall.

Statues and external works of art

The Council includes £0.113m of Statues and Monuments on the Balance Sheet. This relates to a war memorial and a new sculpture completed in 2019-20. The value in the accounts is at historic cost. 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.

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, and statues and memorials 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.

No significant heritage assets were disposed of in 2024-25 (nil in 2023/24).

Note 18: Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end.

The following table summarises the movement in the fair value of investment properties over the year:

2023/24		2024/25
£'000		£'000
51,341	Balance at 1 April	33,765
(485)	Additions/(Disposal)	(2,012)
13	Transfer to/from Property, Plant and Equipment	712
(17,104)	Net gains/(losses) from fair value adjustments	10,979
33,765	Balance at 31 March	43,444

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

2023/24		2024/25
£'000		£'000
(2,249)	Rental income from investment property	(1,715)
(39)	Other income (service and other charges)	(148)
1,339	Direct operating expenses arising from investment property	432
(949)	Total	(1,431)

Note 18: Investment Property (continued)

Investment Property has been valued by a team of qualified surveyors in Montagu Evans, 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. Properties valued at over £0.1m are subject to a review annually whilst those less than £0.1m are subject to a full revaluation every 5 years as part of the rolling programme, and a desktop review is undertaken on the interim years.

Fair value

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes. 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 19: Asset Held for Sale

2023/24		2024/25
£'000		£'000
591	Balance at 1 April	434
1,205	Transfer (to)/from Property, Plant and Equipment	9,711
(1,362)	Asset Sold	(434)
-	Revaluation decrease	(3,165)
434	Balance at 31 March	6,546

Note 20: Cash and Cash Equivalents

2023/24		2024/25
£'000		£'000
48	Cash held by the Council	51
38,935	Bank current accounts	83,575
38,983	Net cash and cash equivalents	83,626

Note 21: Financial Instruments

By Category

2023/24 (Restated)*				2024/25		
Non-Current *	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
			<i>Amortised cost</i>			
31,479	71,825	103,304	Trade Debtors	1,424	74,783	76,207
-	38,983	38,983	Cash and cash equivalents	-	83,626	83,626
31,479	110,808	142,287		1,424	158,409	159,833
3,658	-	3,658	Fair value through other comprehensive income	3,951	-	3,951
35,138	110,808	145,945	Total financial assets	5,375	158,409	163,784
			Financial Liabilities			
			<i>Amortised cost</i>			
(528,641)	(91,329)	(619,970)	** Loans outstanding	(529,102)	(217,558)	(746,660)
(120,060)	(8,841)	(128,901)	PFI contracts	(150,379)	(11,280)	(161,659)
(297)	(125)	(422)	Finance leases	(2,372)	(574)	(2,946)
(3,411)	(128)	(3,539)	Other Liabilities	(3,303)	(123)	(3,426)
-	(53,112)	(53,112)	Creditors		(58,664)	(58,664)
(652,409)	(153,535)	(805,944)		(685,156)	(288,199)	(973,355)
(652,409)	(153,535)	(805,944)	Total financial liabilities	(685,156)	(288,199)	(973,355)

* Restatements relate to:

Investment accrued interest of £225k had been disaggregated in 2023/24 but in 2024-25 has been aggregated into cash and cash equivalents. The prior period comparator in the above table has been restated for 2023-24.

Finance leases and Other Liabilities from PFI and loans outstanding totalled £120,357k had been aggregated in 2023/24 but in 2024-25 has been disaggregated. The prior period comparator in the above table has been restated for 2023-24.

Non- Current Loans outstanding and Other-Liabilities of £532,052k had been aggregated in 2023/24 but has been disaggregated in 2024/25. The prior period comparator in the above table has been restated for 2023-24.

Current Loans outstanding of £85,169k and accrued interest of £6,287k had been disaggregated in 2023/24 but in 2024-25 has been aggregated with current element of other-liabilities disclosed separately. The prior period comparator in the above table has been restated for 2023-24.

** 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

Note 21: Financial Instruments (continued)

Income, Expense, Gains and Losses

2023/24				2024/25			
Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income		Liabilities at amortised cost	Loans and Receivables	Fair value through other comprehensive income	
£'000	£'000	£'000		£'000	£'000	£'000	
39,546	-	-	Net gains/Losses on:				
			Interest expense	44,116	-	-	
39,546	-	-	Total expense in Surplus/Deficit on the Provision of Service	44,116	-	-	
-	(2,226)	-	Interest income	-	(3,268)	-	
-	(2,226)	-	Total Income in Surplus/Deficit on the Provision of Services	-	(3,268)	-	
			Interest revenue				
-	-	(183)	Gains on Revaluation	-	-	(291)	
-	-	(183)	Surplus/Deficit arising on Revaluation of financial Assets in Other Comprehensive Income and Expenditure	-	-	(291)	
39,546	(2,226)	(183)	Net gain/Loss for the Year	44,116	(3,268)	(291)	

Note 21: Financial Instruments - Nature and Extent of Risks Arising from Financial Instruments

Overall procedures for managing risk

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

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to Council customers. This risk is minimised through the Annual Investment Strategy which has been approved by the Governance and Audit Committee and the Full Council and is available on the Council website.

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.

Credit Risk - Treasury Investments

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

2023/24			Lowest Credit rating	2024/25		
FVOCI	Loans and Receivables	Cash and cash equivalents		FVOCI	Loans and Receivables	Cash and cash equivalents
£'000	£'000	£'000		£'000	£'000	£'000
-	-	38,983	AAA	-	-	83,626
3,659	103,037	-	Not Applicable	3,951	76,207	-
3,659	103,037	38,983		3,951	76,207	83,626

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the investments mature within 12 months, therefore no loss allowance has been provided.

Note 21: Financial Instruments - Nature and Extent of Risks Arising from Financial Instruments (continued)

Credit Risk - Trade Debtors

The Council does not allow credit for customers, as such, all unpaid balances are past due date for payment.

The impairment allowance on trade debtors has been calculated using the lifetime credit losses basis:

2023/24		2024/25
£'000		£'000
9,895	Balance c/f	11,336
1,441	Increase in impairment allowance	2,880
11,336	Balance c/f	14,216

Liquidity risk

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council has a comprehensive cash flow management system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets, the Public Works Loans Board and its treasury investment portfolio which is considered to be liquid. There is no significant risk that the Council will be able to raise finance to meet its commitments under financial instruments.

2023/24		2024/25
£'000		£'000
79,887	Less than 1 year	210,155
139,007	Between 2 and 5 years	159,639
98,596	Between 5 and 10 years	88,446
55,000	Between 10 and 15 years	45,000
236,037	More than 15 years	236,017
608,528	Total	739,257

The above analysis assumes that Lender Option, Borrower Option loans (LOBOs) run their full term. The total borrowing shown on the Balance Sheet, of £746.660m (£614.815m in 2023-24) calculated by adding together short term £217.558m (£86.175m in 2023-24) and long term borrowing £529.102m (£528.640m in 2023-24), includes accrued interest of £7.403m (£6.287m in 2023-24), per accounting regulations. Accrued interest is not included in the above table.

Note 21: Financial Instruments - Nature and Extent of Risks Arising from Financial Instruments (continued)

Market risk

Market risk is the possibility that financial loss might arise as a result of changes in interest rates.

The Council is exposed to interest movements on its borrowings and investments. Movements on interest rates have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments periods. For instance a rise in variable and fixed interest rates would have the following effects:

Borrowings at variable rates	The interest expense charged to the Comprehensive Income and Expenditure Statement will rise
Borrowings at fixed rates	The fair value of the borrowing will fall (no impact on revenue balances)
Investments at variable rates	The interest income credited to the Comprehensive Income and Expenditure Statement will rise
Investments at fixed rates	The fair value of the assets will fall (no impact on revenue balances)

Investments measured at amortised cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance.

The Council has limited interest rate risk from its short-term borrowing which needs to be regularly refinanced as part of the strategy to benefit from low short-term interest rates. This risk is mitigated by the ability of the Council to switch from short-term to long-term borrowing should the UK enter a period of rising interest rates.

As part of a balanced portfolio, the interest rate risk is further mitigated by the following:

- (i) maturing short-term investments can be used to pay down debt, should it become cost-effective to do; and
- (ii) having a substantial part of the loan debt portfolio with maturity dates spread evenly over the next 30 years at fixed interest rates reducing the re-financing risk.

The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed.

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

	2023/24	2024/25
	£'000	£'000
Increase in interest payable on variable rate borrowings	-	-
Increase in interest receivable on receivable rate investments	(357)	(280)
Impact on surplus/deficit on the provision of services	(357)	(280)

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.

Note 22: Capital Expenditure and Financing

The capital financing requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2025 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2024/25 was £170m (2023/24, £178.6m). The financing sources used are shown below and include amounts used to finance REFCUS expenditure.

2023/24		2024/25
£'000		£'000
769,236	Opening capital financing requirement	907,644
	Adjustment IFRS16 Leases (including PFI)	46,270
	Capital investment	
121,422	Property, plant and equipment	126,826
934	Intangible Assets	23
46,970	Revenue expenditure funded from capital under statute	43,105
9,349	Capital Loans	-
80,000	Capitalisation of revenue costs under Exceptional Financial Support (EFS)	120,000
	Sources of finance	
(15)	- Capital receipts	(11,259)
(93,620)	- Government grants and other contributions	(97,163)
-	- Ringfenced Capital Receipt	(18,947)
	Sums set aside from revenue	
(5,518)	- Direct revenue financing	(5,302)
(21,114)	- Minimum revenue provision	(32,693)
907,644	Closing capital financing requirement	1,078,504
	Explanation of movements in year:	
138,374	Increase/(decrease) in underlying need to borrow	124,553
34	Assets acquired under finance leases & IFRS16 Leases adjustment	37
138,408	Increase/(decrease) in CFR for the year	124,590

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £43.104m (£46.970m in 2023-24). Grants of £29.929m funded this in year REFCUS expenditure (£29.725m in 2023-24), including £11.087m transferred from the Capital Grants Unapplied reserve (£23.044m in 2023-24). These are payments of a capital nature where no non-current asset is created, mainly grants made to individuals or organisations for capital purposes, such as improvement grants.

Capital investment in Property, Plant and Equipment in 2024-25 includes the Bradford Live building being brought back onto the Council's balance sheet, funded through the use of the £18.9m repayment of the Bradford Live loan as a ring-fenced capital receipt.

Note 23: Leases

Council as lessee

In 2024/25 the Council applied IFRS 16 Leases as required by the CIPFA Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements, although the table below confirms the amounts that are accounted for under this exemption.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- the weighted average of the incremental borrowing rates used to discount liabilities was 3.89%

This has resulted in the following additions to the balance sheet:

- £3.0m Property, plant and equipment – land and buildings (right-of-use assets)
- £0.4m Non-current liabilities (lease liabilities)
- £2.6m Current liabilities (lease liabilities)

The newly recognised lease liabilities of £2.6m compare with the operating lease commitments of £4.2m at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value (using the incremental borrowing rate at 1 April 2024), there is a difference of £1.6m from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that will expire before 31 March 2025.

The following table provides a summary of the impact of IFRS16 in terms of recognising Right of Use assets that are included in the balance sheet and the movement on these assets:

	Land and Buildings	Vehicles, Plant & Equipment	Total	
			£'000	£'000
Balance at 1 April 2024	2,989	426		3,415
Additions	-	37		37
Revaluations	-	-		-
Depreciation	-	(209)		(209)
Disposals	-	(31)		(31)
Balance at 31 March 2025	2,989	223		3,212

Note 23: Leases (continued)

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

31-March-2024		31-March-2025
£'000	Comprehensive income and expenditure statement	£'000
6	Interest expense on lease liabilities	169
-	Expense relating to short term leases	60
-	Expense relating to low value items	272
	Cashflow Statement	
118	Total cash (inflow)/outflow for leases	773

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

2023/24		2024/25
£'000		£'000
59	Less than one year	665
114	One to five years	2,293
118	More than five years	423
292	Total undiscounted liabilities	3,381

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-2024		31-March-2025
£'000		£'000
	Finance lease debtor (net present value of minimum lease payments):	
210	- non-current (later than one year)	210
2,415	Unearned finance income	2,389
2,625	Gross investment in the lease	2,599

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

2023/24		2024/25	
Net investment in the lease	Minimum lease payments	Net investment in the lease	Minimum lease payments
£'000	£'000	£'000	£'000
26	26	Not later than 1 year	26
105	105	Later than 1 year and not later than 5 years	105
2,494	2,494	Later than 5 years	2,468
2,625	2,625		2,599

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 lease at the 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.

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

2023/24		2024/25
£'000		£'000
2,524	Not later than 1 year	1,605
5,899	Later than 1 year and not later than 5 years	3,962
52,229	Later than 5 years	46,626
60,652		52,193

The minimum lease payments receivable does 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 2024-25 £0.411m contingent rents were receivable by the Council (2023-24 £0.401m).

Note 24: Private Finance Initiative and Similar Contracts

The Council has 2 PFI contracts for the design, build, finance and operation of ten schools.

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.

2023/24		2024/25
£'000		£'000
	Charge to Net Cost of Services	(501)
7,350	Unitary Payments to the Contractor for services provided	6,557
4,693	Net Operating ExpenditureInterest element of finance lease payments	4,461
	Movement in Reserves Statement	
3,230	Capital element of finance lease	3,722
15,273	Total PFI charges	14,740
	Financed By	
9,005	Government PFI Revenue Grant	9,005
5,767	Education	6,092
14,772	Total Financing	15,097
(501)	Transfer to BSF PFI Reserve	357

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 16.

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 2025 are as follows:

Note 24: Private Finance Initiative and Similar Contracts (continued)
Payments

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 2025 are as follows:

2023/24					2024/25			
Service cost	Repayment of liability	Interest	Total Unitary Charge		Service cost	Repayment of liability	Interest	Total Unitary Charge
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(5,010)	(3,640)	(4,311)	(12,961)	within 1 year	(6,571)	(4,049)	(4,135)	(14,755)
(20,710)	(17,895)	(14,772)	(53,377)	within 2-5 years	(26,284)	(20,069)	(12,665)	(59,018)
(24,911)	(27,940)	(8,699)	(61,550)	within 6-10 years	(22,233)	(23,043)	(4,646)	(49,922)
(50,631)	(49,475)	(27,782)	(127,888)	Closing balance	(55,088)	(47,161)	(21,446)	(123,695)

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:

2023/24	Analysis of Outstanding Liability for BSF Phase 1	2024/25
£'000		£'000
52,705	Opening outstanding Balance	49,475
-	Adjustment IFRS16	1,408
(3,230)	Payment during the year	(3,722)
49,475	Balance outstanding at year end	47,161

In 2024-25 the Council adopted IFRS16 measurement principles that also apply to PFI schemes. Under IFRS16, where indexation (or other change in rate) affects future service payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised payments. The increase in liabilities shown on the Balance Sheet for all three schools under BSF phase 1 is £1.408m, which was recognised at 1 April 2024.

The increase in lease liabilities arising from IFRS 16 measurement principles has not resulted in an increase in the Balance Sheet asset valuations. For PFI schools that have transferred to academy status, the associated assets are no longer recognised on the Council's Balance Sheet; therefore, the additional indexation costs relating to these assets have been treated as REFCUS. For the one remaining maintained school that is recognised on the Balance Sheet, the additional cost relates solely to the increase in the IFRS 16 liability rather than the valuation of the underlying asset. This increase would have been immediately impaired had it been capitalised. Given that only one maintained school remains, the proportion of the total IFRS 16 measurement adjustment attributable to this asset is not material. As a result, the full £1.4 million of additional indexation costs has been treated as REFCUS.

The closing value of assets held under the scheme at 31 March 2025 was £19.513m (£19.563m 31 March 2024) 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 2025 were £47.161m (£49.475m at 31 March 2024). The increase of £2.314m is due to remeasured opening liability less payments during the year.

Note 24: Private Finance Initiative and Similar Contracts (continued)
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.

2023/24		2024/25
£'000		£'000
	Charge to Net Cost of Services	(757)
12,142	Unitary Payments to the Contractor for services provided	14,076
11,859	Net Operating Expenditure/Interest element of finance lease payments	8,692
	Movement in Reserves Statement	
5,433	Capital element of finance lease	6,748
29,434	Total PFI charges	29,516
	Financed By	
18,297	Government PFI Revenue Grant	18,297
10,380	Education	10,757
28,677	Total Financing	29,054
(757)	Transfer to BSF PFI Reserve	(462)

Payments

The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2025 are as follows:

2023/24					2024/25			
Service cost	Repayment of liability	Interest	Total Unitary Charge		Service cost	Repayment of liability	Interest	Total Unitary Charge
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(11,544)	(5,202)	(10,251)	(26,997)	within 1 year	(14,012)	(7,232)	(8,208)	(29,452)
(45,721)	(24,952)	(40,323)	(110,996)	within 2-5 years	(56,050)	(34,498)	(27,263)	(117,811)
(68,977)	(34,184)	(42,951)	(146,112)	within 6-10 years	(70,062)	(58,992)	(18,209)	(147,263)
(30,034)	(15,088)	(14,467)	(59,589)	within 11-15 years	(14,012)	(13,776)	(988)	(28,776)
(156,276)	(79,426)	(107,992)	(343,694)	Closing balance	(154,136)	(114,498)	(54,668)	(323,302)

Note 24: Private Finance Initiative and Similar Contracts (continued)

BSF Phase 2

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

2023/24	Analysis of Outstanding Liability for BSF Phase 2	2024/25
£'000		£'000
84,859	Opening outstanding Balance	79,426
	- Adjustment IFRS16	41,821
(5,433)	Payment during the year	(6,748)
79,426	Balance outstanding at year end	114,499

Under IFRS16, The increase in liabilities shown on the Balance Sheet for all four schools under BSF phase 2 is £41.821m, which was recognised at 1 April 2024.

The increase in liability due to IFRS16 measurement principles has not increased the Balance Sheet asset valuations. As all seven PFI schools under BSF phase 2 have transferred to academy status, assets associated are not reflected in the Council's Balance Sheet, therefore the £41.821m additional cost from indexation for these assets has been treated as REFCUS.

The closing value of assets held under the scheme at 31 March 2025 was zero as all schools are now Academies (£nil 31 March 2024) in respect of the BSF Phase 2 scheme. The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2025 were £114.499m (£79.426m 31 March 2024).

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 £19.515m, per Note 16 and the total liabilities are £161.660m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £142.145m. This reduces the Council's Net Assets as shown in its Balance Sheet, by £142.145m.

Note 25: Fair value of assets and liabilities

Fair values of financial and non-financial assets and financial liabilities

(a) classes of financial instruments and non-financial assets based on their nature and characteristics;

The following tables combine information about:

- (a) classes of financial instruments and non-financial assets based on their nature and characteristics;
- (b) the carrying amounts of financial instruments and non-financial assets;
- (b) fair values of financial instruments and non-financial assets
- (b) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - measurement is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The basis of 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 based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Investments at fair value through other comprehensive income	Level 3	Fair value has been based on the net asset value (NAV) of the Council's interest in the companies	NAV based on the latest annual unaudited accounts	Events occurring after the audit opinion date could affect NAV
Investment property	Level 2	Fair value, based on rental yields and sale values; size, location, configuration and access; condition and covenants.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	All variables listed are observable inputs and susceptible to market change.
Assets held for sale and surplus assets	Level 2	Expected sale price less estimated costs of sale	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale	Repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided

Note 25: Fair value of assets and liabilities (continued)

090

2024/25	Carrying Value						Fair Value	Level in Fair Value Hierarchy		
	Financial and non-financial assets			Financial liabilities		Total				
	Fair value through profit and loss	Fair value through other comprehensive income	Assets at amortised cost	Liabilities at amortised cost	Liabilities at FVOCI					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Financial assets										
<i>Assets at amortised cost:</i>										
Financial assets at contracted amounts	-	-	74,783	-	-	74,783				
Third Party Debtor Loans	-	-	1,424	-	-	1,424				
Cash and cash equivalents	-	-	83,626	-	-	83,626				
Fair value through other comprehensive income	-	3,951		-	-	3,951	3,951	3		
Total financial assets	-	3,951	159,833	-	-	163,784	3,951			
Non-financial assets										
Investment property	43,444	-	-	-	-	43,444	43,444	2		
Surplus assets	17,159	-	-	-	-	17,159	17,159	2		
Assets held for sale	6,546	-	-	-	-	6,546	6,546	2		
Total financial and non-financial assets	67,149	3,951	159,833	-	-	230,933	71,100			
Financial liabilities										
<i>Liabilities at amortised cost:</i>										
Loans outstanding	-	-	-	(746,659)		(746,659)	(666,892)			
PFI contracts and finance lease liabilities	-	-	-	(154,698)		(154,698)	(154,698)			
Creditors	-	-	-	(58,664)		(58,664)	(58,664)			
Other Liabilities	-	-	-	(3,425)		(3,425)	(3,447)			
Total financial liabilities	-	-	-	(963,446)	-	(963,446)	(883,701)			

Note 25: Fair value of assets and liabilities (continued)

091

2023/24	Carrying Value						Fair Value	Level in Fair Value Hierarchy		
	Financial and non-financial assets			Financial liabilities		Total				
	Fair value through profit and loss	Fair value through other comprehensive income	Assets at amortised cost	Liabilities at amortised cost	Liabilities at FVOCI					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Financial assets										
<i>Assets at amortised cost:</i>										
Financial assets at contracted amounts	-	-	71,825	-	-	71,825				
Third Party Debtor Loans	-	-	31,479	-	-	31,479				
Cash and cash equivalents	-	-	38,983	-	-	38,983				
Fair value through other comprehensive income	-	3,659		-	-	3,659	3,951	3		
Total financial assets	-	3,659	142,287	-	-	145,946	3,951			
Non-financial assets										
Investment property	33,765	-	-	-	-	33,765	33,765	2		
Surplus assets	17,117	-	-	-	-	17,117	17,117	2		
Assets held for sale	434	-	-	-	-	434	434	2		
Total financial and non-financial assets	51,316	3,659	142,287	-	-	197,262	55,267			
Financial liabilities										
<i>Liabilities at amortised cost:</i>										
Loans outstanding	-	-	-	(614,815)		(614,815)	(560,550)			
PFI contracts and finance lease liabilities	-	-	-	(129,322)		(129,322)	(129,322)			
Creditors	-	-	-	(53,112)		(53,112)	(53,112)			
Other Liabilities	-	-	-	(3,540)		(3,540)	(3,810)			
Total financial liabilities	-	-	-	(800,789)	-	(800,789)	(746,794)			

Note 25: Fair value of assets and liabilities (continued)

Reconciliation of fair values within Level 3

	Fair Value at 31 March 2024	Unrealised gains and losses	Fair Value at 31 March 2024	Unrealised gains and losses	Fair Value at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Unquoted equity investments	3,476	184	3,659	291	3,951
Balance at 31 March 2025	3,476	184	3,659	291	3,951

Sensitivity analysis of fair values within Level 3 2024-25

	Fair Value at 31 March 2025	Assessed valuation range		Value on increase	Value on decrease
	£'000	+ %	- %	£'000	£'000
Unquoted equity investments	3,951	4.84	(4.84)	4,142	3,759
Balance at 31 March 2025	3,951			4,142	3,759

Sensitivity analysis of fair values within Level 3 2023-24

	Fair Value at 31 March 2024	Assessed valuation range		Value on increase	Value on decrease
	£'000	+ %	- %	£'000	£'000
Unquoted equity investments	3,659	13.96	(13.96)	4,170	3,148
Balance at 31 March 2025	3,659			4,170	3,148

Note 26: Debtors

These balances represent the amount of money owed to the Council at year end. Debtors include individuals, central government departments, other local authorities, NHS and other bodies. An analysis is given below.

2023/24			2024/25	
Short-term	Long-term		Short-term	Long-term
£'000	£'000		£'000	£'000
23,255	-	Central government bodies	34,267	-
25,501	-	Other local authorities	24,715	-
24,668	-	NHS bodies	20,238	-
107,091	31,479	Other entities and individuals	110,396	1,424
16,078	-	General payments in advance	11,177	-
196,593	31,479	Total	200,793	1,424
Less Impairments				
19,399	-	Collection Fund	23,567	-
11,336	-	Other	14,216	-
165,858	31,479	Total	163,010	1,424

The net debtors have decreased from a total of £165.858m as at 31 March 2024 to £163.010m as at 31 March 2025, a decrease of £2.848m.

The "Other entities and individuals" receivable amount includes statutory debtors of £40.939m due for Council Tax and £5.643m due for NNDR in 2024-25 (£38.008m and £5.457m respectively in 2023-24). The £40.939m due for Council Tax and £5.643m due for NNDR have impairment allowances of £20.035m and £3.532m respectively in 2024-25 (£16.187m and £3.212m respectively in 2023-24).

Note 27: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2025.

2023/24			2024/25			
Short-term			Short-term			
£'000	£'000		£'000			
(16,477)	Central government bodies		(15,167)			
(2,523)	Other local authorities		(859)			
(3,134)	NHS bodies		(4,697)			
(100,707)	Other entities and individuals		(100,436)			
(122,841)	Total		(121,159)			
	<u>Receipts in advance</u>					
(24,793)	Sundry		(33,327)			
(7,276)	Other Contributions		(7,918)			
(154,910)	Total		(162,404)			

Note 28: Provisions

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

Short term provisions	Personal Search	NNDR Appeals	Insurance	Other	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(93)	(6,422)	(1,678)	-	(8,193)
Amounts used	-	2,523	725	-	3,248
Additional provisions	-	143	-	(408)	(265)
Unused amounts reversed in year	93	181	326	-	600
Balance at 31 March 2025	-	(3,575)	(627)	(408)	(4,610)

NNDR Appeals

The provision reflects the estimate of the amount of Business Rates to be repaid to ratepayers, following any future successful appeals against rateable values.

Insurance Claims

This provision relates to a range of smaller claims against the Council for which financial resources have been set aside. Losses over £250,000 are externally insured. Amounts that are due to be settled after more than one year are included in long-term provisions below.

Long term provisions	MMI Scheme	Insurance Claims	Total
	£'000	£'000	£'000
Balance at 31 March 2024	(574)	(2,555)	(3,129)
Amounts used	-	1,495	1,495
Additional provisions	(15)	(2,531)	(2,546)
Balance at 31 March 2025	(589)	(3,591)	(4,180)

Municipal Mutual Insurance (MMI)

Provision in respect of MMI for costs due to be paid under the Scheme of Arrangement for managing the outstanding liabilities resulting from claims being made. These amounts set aside to fund historic liabilities which were insured but are not fully funded by the insurance company.

Insurance Claims

A provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements. This is assessed by professional insurance contractor on an annual basis and adjusted as appropriate.

Note 29: Unusable Reserves

2023/24		2024/25
£'000		£'000
(173,841)	Revaluation reserve	(207,745)
16,136	Capital adjustment account	141,947
(227)	Deferred capital receipts	(227)
4,578	Financial instruments adjustment account	4,300
(183)	Financial Instruments Revaluation Reserve	(475)
(53,017)	Pension reserve	72,521
(3,924)	Collection Fund adjustment account	363
9,708	Accumulated absence account	11,015
(200,771)	Total	21,699

Note 29a: Revaluation Reserve

The reserve is credited with unrealised gains on the revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve. The depreciation adjustment ensures that only the depreciation on the historic cost of assets impacts on the capital adjustment account.

The balance on the reserve reflects the difference between the value of the Council's assets at depreciated historical cost and their current value.

2023/24		2024/25
£'000		£'000
(185,323)	Balance at 1 April	(173,841)
5,577	Revaluation of assets (upward)/downward	(41,444)
-	Impairments not charged to the Surplus or deficit on the Provision of Services	
2,222	Accumulated gains on assets sold or scrapped	4,209
3,683	Adjustment to depreciation on revalued assets	3,331
(173,841)	Balance at 31 March	(207,745)

Note 29b: Capital Adjustment Account

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

2023/24		2024/25
£'000		£'000
(161,395)	Balance at 1 April	16,136
	Reversal of items debited and credited to the Comprehensive Income and Expenditure Statement	
-	PFI Liabilities remeasurement on transition to IFRS16	43,230
39,186	Depreciation and impairment of non current assets	42,603
76,495	Revaluation gains or losses on property, plant and equipment	34,049
72	Amortisation of Intangible Assets	-
17,104	Increase/decrease in value of investment properties	(10,979)
46,970	Revenue expenditure funded from capital under statute	43,104
35,971	Current value of asset disposals	14,458
7,900	Long Term Debtor Loan Impairment Allowance	(6,697)
	Adjusting amounts written out of the revaluation reserve	
(3,683)	Adjustment to depreciation on revalued assets	(3,331)
(2,222)	Accumulated gains on assets sold or scrapped	(4,209)
	Capitalisation Direction	
80,000	Capitalisation Direction	120,000
297,794	Net written out amount of the cost of non-current assets consumed in the year	272,228
	Capital financing applied in year	
(15)	Capital receipts	(11,259)
(112,745)	Capital grants and contributions	(91,468)
19,125	Application of Grants from Capital grants unapplied	(5,695)
(21,110)	Minimum revenue provision	(32,692)
(5,518)	Direct revenue financing	(5,302)
(120,263)	Capital financing applied in year	(146,416)
16,136	Balance at 31 March	141,947

Note 29c: Deferred capital receipts reserve

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

2023/24		2024/25
£'000		£'000
(258)	Balance at 1 April	(227)
31	Other Adjustments	-
(227)	Balance at 31 March	(227)

Note 29d: Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2023/24		2024/25
£'000		£'000
4,855	Balance at 1 April	4,578
(278)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(278)
4,578	Balance at 31 March	4,300

Note 29e: Financial Instruments Revaluation Reserve

The council maintains a financial instruments revaluation reserve which reflects the balance of unrealised gains or losses (other than impairment losses) on assets held at fair value through other comprehensive income included in the Balance Sheet. Any revaluation gains on assets held at fair value through other comprehensive income are recognised as Other comprehensive income and expenditure within the Comprehensive income and expenditure statement. When these assets are disposed of, the accumulated balance relating to the asset on the Financial Instruments Revaluation Reserve is transferred to the surplus or deficit on provision of services.

2023/24		2024/25
£'000		£'000
-	Balance at 1 April	(183)
(183)	Revaluation gain on assets	(291)
(183)	Balance at 31 March	(475)

Note 29f: 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.

2023/24		2024/25
£'000		£'000
27,917	Balance at 1 April	(53,017)
(79,896)	Actuarial gains/(losses) on pensions assets & liabilities	132,634
54,165	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	47,701
(55,203)	Employer's pensions contributions & direct payments to pensioners payable in the year	(54,797)
(53,017)	Balance at 31 March	72,521

Note 29g: Collection Fund Adjustment Account

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

2023/24				2024/25		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
(578)	267	(311)	Balance at 1 April	(4,442)	518	(3,924)
(3,864)	251	(3,613)	Amount by which council tax & NNDR income credited to the CIES is different from the income calculated for the year in accordance with statutory requirements	2,364	1,923	4,287
(4,442)	518	(3,924)	Balance at 31 March	(2,078)	2,441	363

Note 29h: Accumulated Absence Account

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

2023/24		2024/25
£'000		£'000
11,440	Balance at 1 April	9,708
(11,440)	Settlement or cancellation of accrual made at the end of preceding year	(9,708)
9,708	Amounts accrued at the end of the current year	11,015
9,708	Balance at 31 March	11,015

Note 30: Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and therefore they need to be disclosed at the time the employee earns their future entitlement.

The Council participates in four statutory pension schemes, which provide members with defined benefits related to pay and service. The schemes are as follows:

- The **Local Government Pension Scheme (LGPS)** for non-teaching staff;
- The **Teachers' Pension Scheme** for teaching staff;
- The **NHS Pension Scheme** for former NHS employees who transferred to the Council but opted to stay within the NHS Pension Scheme;
- Discretionary post-retirement benefits upon early retirement.

Defined contribution schemes

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

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

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

The scheme had 12,648 participating employers in 2023-24, 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 2025, the Council's own contributions equate to approximately 0.14%.

In 2024-25, the Council paid £16.718m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2023-24 were £14.710m and 23.68%. There were contributions remaining payable at the year-end of £1.370m (£1.138m at end of 2023-24). The contributions due to be paid in the next financial year are estimated to be £16.718m.

The NHS Pension Scheme is administered by the NHS Pensions on behalf of the Department of Health and Social Care (DHSC). 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. Valuations of the notional fund are undertaken every four years.

The scheme had 7,823 participating employers as at 31 March 2024, including 122 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 2025, the Council's own contributions equate to approximately 0.001%.

In 2024-25, the Council paid £0.245m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay, plus an additional £0.023m, representing 2.5% of pensionable pay. The figures for 2023-24 were £0.270m and 14.38%, plus an additional £0.023m and 2.5%. There were contributions remaining payable at the year-end of £0.019m (£0.022m at end of 2023-24). The contributions due to be paid in the next financial year are estimated to be £0.245m, plus an additional £0.023m.

Note 30: Defined Benefit Pension Schemes (continued)

Defined benefits schemes

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

The **Local Government Pension Scheme (LGPS)** is a national scheme but administered locally. For the Council, this is the West Yorkshire Pension Fund administered by the Council. 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 2024-25 in respect of Bradford members of the West Yorkshire Pension Fund was 16.5%.

This is a funded career average defined benefit scheme. This means the pension is determined by averaging members' salaries earned over the entire period of membership in the pension scheme. 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 2022 for the three years 1 April 2023 to 31 March 2026.

Arrangements for the award of **discretionary post-retirement benefits** upon early retirement – these are unfunded defined benefit arrangements. The Council becomes liable to make payment when the benefits are awarded. However, there are no investment assets built up to meet these pensions liabilities.

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 from participation in the LGPS are:

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

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Asset Ceiling

Following the pensions valuation by the Council's actuary, Aon, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations as at 31 March 2025 resulting in a pension plan asset for the third consecutive year. IAS19 "Employees Benefits" requires that, where a pension plan asset exists, it is measured at the lower of

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council's surplus in the defined benefit plan as at 31 March 2025 is above the asset ceiling that has been calculated by the Council's actuary. Therefore, the amount of the surplus that is recognised in the Council's balance sheet is restricted to the asset ceiling that has been calculated by the Council's actuary.

Discretionary post-retirement benefits

Both the LGPS and the Teachers' Pension Scheme permit employers to make discretionary awards of post-retirement benefits upon early retirement. These are unfunded defined benefit arrangements, which the Council becomes liable to make payment when the benefits are awarded. However, there are no investment 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:

Actuarial Confirmation

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgement delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

The actuarial confirmation for all local government pension scheme (LGPS) amendments have not yet been located. The update received from PwC in July 2024 included the following statement from GAD 'we believe a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this'.

On 5 June 2005, the Government announced that it will 'introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standard.' Once the legislation has been passed, affected pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

Given this announcement, it is unlikely that there will be an impact on the LGPS liabilities, however management will continue to monitor developments.

Note 30: Defined Benefit Pension Schemes (continued)

Transactions relating to post-employment benefits

The Council recognises the cost of post-employment 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 is based on the cash payable in the year, so the real cost of post employment/retirement benefit 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, the General Fund balance via the Movement in Reserves Statement during the year.

2023/24				2024/25			Notes
Local Government Pension Scheme	Teachers' Pension Scheme	Total		Local Government Pension Scheme	Teachers' Pension Scheme	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			Comprehensive Income and Expenditure Statement				
			<i>Cost of services:</i>				
53,563	-	53,563	Current service cost	50,271	-	50,271	(i)
573	-	573	Past service cost	1,274	-	1,274	
			<i>Financing and investment income and expenditure:</i>				
(2,607)	2,636	29	Interest cost	(6,302)	2,458	(3,844)	(ii)
51,529	2,636	54,165	Total Post employment benefit charged to the (surplus)/deficit on provision of services	45,243	2,458	47,701	
			<i>Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement</i>				(iv)
			<i>Remeasurement of the net defined benefit liability comprising:</i>				
(62,237)	-	(62,237)	- Return on plan assets, excluding the amount included in the net interest expense	19,905	-	19,905	(iii)
(2,151)	403	(1,748)	- Experience (gain)/loss	481	97	578	
(80,834)	(721)	(81,555)	- Actuarial gains/(losses) arising from changes in financial assumptions	(388,305)	(3,294)	(391,599)	
(40,103)	(1,468)	(41,571)	- Actuarial gains/(losses) arising from changes in demographic assumptions	(17,169)	(332)	(17,501)	
107,215		107,215	- Actuarial gains/(losses) due to restriction of surplus	521,251		521,251	
(78,110)	(1,786)	(79,896)	Total Post employment benefit charged to Other Comprehensive Income &Expenditure	136,163	(3,529)	132,634	
(26,581)	850	(25,731)	Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement	181,406	(1,071)	180,335	
			Movement in Reserves Statement				
			Reversal of net charges made to the (surplus)/deficit on provision of services for post employment benefits in accordance with the Code (including Administration expenses)	(45,243)	(2,458)	(47,701)	
			<i>Actual amount charged against the General Fund balance for pensions in the year:</i>				
46,298	-	46,298	- Employers' contributions payable to scheme	45,718		45,718	
3,240	5,665	8,905	- Retirement benefits payable to pensioners	3,258	5,821	9,079	

(i). The current service cost is an estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

(ii). Interest cost is the amount needed to unwind the discount applied in calculating the defined benefit obligations (liability). As members of the plan are one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

(iii). The expected return on assets is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

(iv). Actuarial gains and losses arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

Note 30: Defined Benefit Pension Schemes (continued)

Assets and Liabilities in Relation to Post-Employment Benefits

2023/24					2024/25			
Local Government Pension Scheme (LGPS)	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total		Local Government Pension Scheme (LGPS)	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(2,485,328)	(32,013)	(58,890)	(2,576,231)	Reconciliation of fair value of the scheme liabilities	(2,445,022)	(29,227)	(54,075)	(2,528,324)
(53,563)	-	-	(53,563)	Opening balance at 1 April	(50,271)	-	-	(50,271)
(114,808)	(1,429)	(2,636)	(118,873)	Current service cost *	(115,013)	(1,326)	(2,458)	(118,797)
(17,157)	-	-	(17,157)	Interest on pension liabilities	(17,579)	-	-	(17,579)
(573)	-	-	(573)	Member contributions	(1,274)	-	-	(1,274)
				Past service cost (gain)				
				Remeasurement gain/(loss):				
39,285	818	1,468	41,571	- Actuarial gains/(losses) arising from changes in demographic assumptions	16,997	172	332	17,501
80,459	375	721	81,555	- Actuarial gains/(losses) arising from changes in financial assumptions	386,468	1,837	3,294	391,599
2,369	(218)	(403)	1,748	- Experience gain/(loss)	(429)	(52)	(97)	(578)
104,294	3,240	5,665	113,199	Estimated benefits paid	117,673	3,258	5,821	126,752
(2,445,022)	(29,227)	(54,075)	(2,528,324)	Closing balance at 31 March	(2,108,450)	(25,338)	(47,183)	(2,180,971)
				Reconciliation of fair value of the scheme assets				
2,548,314	-	-	2,548,314	Opening balance at 1 April	2,688,556	-	-	2,688,556
118,844	-	-	118,844	Interest on plan assets	127,787	-	-	127,787
				Remeasurement gain/(loss):				
62,237	-	-	62,237	- the return on plan assets, excluding the amount included in the net interest expense	(19,905)	-	-	(19,905)
46,298	3,240	5,665	55,203	Employer contributions	-	3,258	5,821	9,079
-	-	-	-	(Loss) on settlement	45,718			45,718
17,157	-	-	17,157	Contributions by scheme participants	17,579			17,579
(104,294)	(3,240)	(5,665)	(113,199)	Benefits paid	(117,673)	(3,258)	(5,821)	(126,752)
2,688,556	-	-	2,688,556	Closing balance at 31 March	2,742,062	-	-	2,742,062

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

* The current service cost includes an allowance for the administration expenses of £1.234m in 2024-25 (£0.934m in 2023-24).

Note 30: Defined Benefit Pension Schemes (continued)

Pensions Assets and Liabilities recognised in the Balance Sheet

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

2023/24						2024/25			
Local Government Pension Scheme	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total			Local Government Pension Scheme	LGPS Discretionary Benefits Arrangements	Teachers' Pension Scheme	Total
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
(2,445,022)	(29,227)	(54,075)	(2,528,324)	Present value of defined benefit obligation		(2,108,450)	(25,338)	(47,183)	(2,180,971)
(107,215)	-	-	(107,215)	Impact of Asset Ceiling - Unrecognised Asset		(633,612)	-	-	(633,612)
2,688,556	-	-	2,688,556	Fair value of employer assets		2,742,062	-	-	2,742,062
136,319	(29,227)	(54,075)	53,017	(Deficit)/gain in the scheme		-	(25,338)	(47,183)	(72,521)

The Council's LGP scheme has a net pensions liability of £25.327m as at 31 March 2025, compared with a net pensions asset of £107.092m as at 31 March 2024. The primary reason for this was the restriction of the amount of the surplus that is recognised in the Council's balance sheet to the asset ceiling that has been calculated by the Council's actuary. Before consideration of a surplus restriction, there was a net pensions asset due to the value of pension fund assets exceeding the current value of the pension liabilities, which showed a large reduction because of improvement to the actuarial assumptions, in particular a large increase in the discount rate that is used for determining the current value of the future liabilities. Teachers discretionary benefits scheme has a net pension liability of £47.171m as at 31 March 2025 (£54.075m at 31 March 2024).

Reconciliation of the effect of the Asset Ceiling - Unrecognised Asset

	£'000
Effect of asset ceiling at 31 March 2024	(107,215)
Interest on the effect of the asset ceiling	(5,146)
Change in the effect of the asset ceiling	(521,251)
Effect of asset ceiling at 31 March 2025	(633,612)

Note 30: Defined Benefit Pension Schemes (continued)

Assets in the scheme

Assets in the LGPS comprised:

2023/24			2024/25					
£'000	%		£'000	%	£'000	%	£'000	%
Total	Total		Quoted	Quoted	Unquoted	Unquoted	Total	Total
2,123,960	79%	Equities	1,765,889	64.4%	408,567	14.9%	2,174,456	79.3%
231,216	9%	Government Bonds	246,786	9.0%	-	0.0%	246,786	9.0%
112,919	4%	Other Bonds	109,682	4.0%	-	0.0%	109,682	4.0%
107,542	4%	Cash	-	0.0%	71,294	2.6%	71,294	2.6%
77,968	3%	Property	21,936	0.8%	54,841	2.0%	76,777	2.8%
34,951	1%	Other	2,742	0.1%	60,325	2.2%	63,067	2.3%
2,688,556	100%		2,147,035	78.3%	595,027	21.7%	2,742,062	100%

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 Solutions UK 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 2022. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

Note 30: Defined Benefit Pension Schemes (continued)

The principal assumptions used by the actuary have been:

2023/24		2024/25
%		%
2.6	Rate of inflation (CPI)	2.5
3.85	Rate of increase in salaries	3.75
2.6	Rate of increase in pensions	2.5
2.6	Pension accounts revaluation rate	2.5
4.8	Rate for discount scheme liabilities	5.8

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Mortality assumptions	2023-24		2024-25	
	Males	Females	Males	Females
Longevity at 65 for current pensioners	21.0	24.2	20.9	24.1
Longevity at 65 for future pensioners (in 20 years' time)	22.3	25.2	21.8	24.8

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

	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	(2,062,064)	(2,154,836)
Rate of increase in salaries - increase or decrease by 0.1%	(2,110,558)	(2,106,342)
Rate of increase in pensions - increase or decrease by 0.1%	(2,137,968)	(2,078,932)
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	(2,076,823)	(2,140,077)

* 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.

Note 30: Defined Benefit Pension Schemes (continued)

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 2023. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

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 2026 are £46.380m.

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 2026 are £3.326m and £5.932m, respectively. The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 15.0 years at 31 March 2025 (16.2 years at 31 March 2024).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 7.0 years at 31 March 2025 (7.0 years at 31 March 2024) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 7.1 years at 31 March 2025 (7.1 years at 31 March 2024).

Note 31: Cash Flow Statement - Operating Activities

2023/24		2024/25
£'000		£'000
(187,222)	Net surplus or (deficit) on the provision of services	(103,736)
	<i>Adjustments for non-cash movements:</i>	
115,754	Depreciation, impairments and downward revaluation	76,652
(28,759)	Net increase/decrease in creditors, debtors and inventories	23,306
(1,038)	Pensions liability	(7,096)
35,956	Carrying amount of non-current assets sold	14,459
17,032	Other non-cash items	(13,533)
138,945		93,788
	<i>Adjustments for items that are investing or financing activities:</i>	
(112,745)	Capital grants	(91,466)
(4,522)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,682)
(117,267)		(103,148)
(165,544)	Net cash flows from operating activities	(113,096)

Note 31: Cash Flow Statement - Operating Activities (continued)

The cash flows for operating activities include the following items:

2023/24		2024/25
£'000		£'000
1,649	Interest Received	2,991
(37,381)	Interest Paid	(43,586)
577	Dividends Received	277

Note 32: Cash Flow Statement - Investing Activities

2023/24		2024/25
£'000		£'000
(121,902)	Purchase of property, plant and equipment, investment property and intangible assets	(127,058)
-	Purchase of short-term and long-term investments	-
(15,639)	Other payments for investing activities	-
4,522	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,682
-	Proceeds from short-term and long-term investments	-
142,835	Other receipts from investing activities (capital grants)	115,250
9,816	Net cash flows from investing activities	(127)

Note 33: Cash Flow Statement - Financing Activities

2023/24		2024/25
£'000		£'000
150,398	Cash receipts of short-term and long-term borrowings	153,632
(8,896)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	32,244
(8,670)	Repayments of short-term and long-term borrowing	(22,996)
2,777	Other Payments for Financing Activities	(5,015)
135,608	Net cash flows from financing activities	157,865

Note 33: Cash Flow Statement - Financing Activities (continued) - Reconciliation of Liabilities Arising from Financing Activities

2024/25	At 1 April	Financing cash flows	Changes which are not financing cash flows		At 31 March
			Other Cash Flows	Other non cash changes	
	£	£	£	£	£
Long-term borrowings	528,640	462	-	-	529,102
Short-term borrowings	86,175	130,291	-	1,091	217,557
Lease Liabilities	422	(516)	-	3,040	2,946
On balance sheet PFI Liabilities	128,901	(10,469)	-	43,229	161,660
Transferred debt	3,412	(108)	-	-	3,304
Amounts owed to/from	-	-	-	-	-
Collection Fund preceptors	4,205	(5,015)	-	-	(810)
	751,755	114,645	-	47,360	913,759

2023/24	At 1 April	Financing cash flows	Changes which are not financing cash flows		At 31 March
			Other Cash Flows	Other non cash changes	
	£	£	£	£	£
Long-term borrowings	408,149	238	120,253	-	528,640
Short-term borrowings	62,642	21,370	-	2,163	86,175
Lease Liabilities	654	(232)	-	-	422
On balance sheet PFI Liabilities	137,565	(8,664)	-	-	128,901
Transferred debt	3,542	(130)	-	-	3,412
Amounts owed to/from	-	-	-	-	-
Collection Fund preceptors	1,428	2,777	-	-	4,205
	613,980	15,359	120,253	2,163	751,755

Note 34: Related Party Transactions

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

Central government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in note 13.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024-25 is shown in note 10. 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 2024-25, a number of council members had a controlling interest in, or a significant influence on, a company, partnership, trust or other entity, either due to ownership, or as a director, trustee, governor or partner. In a number of cases, this was as a representative of the Council, in order that the Council can maintain effective partnerships with organisations that are independent from the Council, but have an impact on its service areas.

Transactions amounted to net expenditure of £7.8m in 2024-25 (£7.0m in 2023-24), with gross expenditure of £10.0m (£9.6m in 2023-24), of which £0.1m (£0.1m in 2023-24) is still outstanding and gross income of £2.2m (£2.6m in 2023-24), of which £0.3m (£0.5m in 2023-24) is still outstanding.

Among those transactions were:

- payments totalling £2.2m (£2.4m in 2023-24) were made to Bradford Trident, in which two members had an interest as directors and one member had an interest as a close family member was a member of the key management personnel;
- payments totalling £2.5m (£2.9m in 2023-24), of which £2.4m (£2.6m in 2023-24) was related to payroll deductions from Council employees, were made to Bradford District Credit Union, in which one member had an interest;
- payments totalling £0.8m (£0.8m in 2023-24), of which £0.4m (£0.4m in 2023-24) was related to a contract for providing a welfare advice service for Bradford East, were made to Karmand Community Centre Association, in which one member had an interest;
- payments totalling £0.6m (£0.6m in 2023-24) was related to amounts of levy income collected by the Council on an agency basis, to Bradford BID Limited, in which one member had an interest as director.
- payments totalling £0.5m (£0.5m in 2023-24) was related to the costs of providing childcare, to Woodroyd Nursery and Children's Centre, in which one member had a interest as a director.
- payments totalling £0.7m (£0.8m in 2023-24) to and income totalling £0.3m (£0.5m in 2023-24) from Bradford Teaching Hospitals NHS Foundation Trust, in which one member had an interest as a governor.
- payments totalling £0.06m (£0.08m in 2023-24) to Sandale Community Development Trust, in which one member had an interest as chief executive.

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.

Note 34: Related Party Transactions (continued)

The following are the other related parties that had transactions with the Council but considered immaterial to either party:

Eden Community Association CIC, Sharing Voices (Bradford), The Undercliffe Cemetery Charity, Bradford Youth Development Partnership, Space to Inspire CIC, Cafe West, The Valley Project, Keighley College, Shipley Christians Together, Bradford Amateur Rowing Club, Bradford Deaf Community Association, Better Start Bradford, Womenzone, Grange Interlink Limited, CFM (Council for Mosques) (Bradford) Limited, Friends of Westwood Park, The Sutton Centre (Kyffin Place Community Centre), Beacon Recovery, Child's Play Neighbourhood Nursery Ltd, Tiny Stars Day Nursery Ltd, Ilkley BID Ltd, Keighley BID CIC, The Hive Silsden CIO, Roshni Ghar, Khidmat Centres, The Girlington Centre Ltd, Menston Community Association, Friends of Ravenscliffe Woods, Springfield Unlimited, Friends of Silsden Town Hall, AWARE (Airedale and Wharfedale Autism Resource), The Queensbury Community Programme Limited.

Officers

Senior Officers (Chief Executive and Directors) are requested to complete a voluntary declaration of any transactions in which they have a pecuniary interest in accordance with section 117 of the Local Government Act 1972.

During the year, a number of senior officers declared interests which give rise to related parties. The Assistant Director for the Office of the Chief Executive was a director/trustee for Beckfoot Trust. Transactions amounted to net expenditure of £0.1m in 2024-25 (£1.5m in 2023-24), with gross expenditure of £0.3m and gross income of £0.2m (£1.7m and £0.2m in 2023-24 respectively).

Other Related Parties

The following are related parties for members and senior officers where there were no transactions in 2024-25:

Your Back Yard Interest Community Interest Company, Exotica Drinks Ltd, Bradford Irish Society Ltd, Keighley Division Conservative Club Buildings Limited, Dolphin Keswick Limited, Haworth Village Trust, Canal Road Urban Village Limited, Castle Grove Masonic Hall Company Limited, The Laundrette Bradford Ltd, Alexander Noble Ltd, Friends of Harold Park, Bradford Dragon Boat Festival, Southern Pennines Rural Regeneration Company Limited, Behbud Association (UK), Scent House Graphic Design Ltd, Holmewood Community Association, Twins & Co Limited, Keighley Community Fridge at Keighley Central Mosque C.I.C., Noor Arts C.I.C., D&N Assets Ltd, JDN Properties Limited, WW Estate Agents (Wibsey) Ltd, Swift Investments (Real Estates) Ltd, City of Nature CIC, Silsden Community Library, Hillview Company Services Limited, Fiacre Charter Ltd, Sleep Design Beds Ltd, SIS Electrical Contractors Ltd, Whitaker & Co. (Denholme) Limited, Aire Valley Tree Services Limited, Aire Valley Landscaping Services Limited, Menston Area Nature Trust, Azam MNA Holdings Ltd, Amrans Ltd, Sums Investments Limited, Childs Play Residential Care Ltd, MG&E Consulting Ltd, Northern Pool GP (No1) Limited, The Moors Management Company, West Riding Equestrian Limited, S J M Finance Consultancy Limited.

Note 34: Related Party Transactions (continued)

Entities controlled or significantly influenced by the Council

Name of the company	Nature of the Council's interest	Principal activities	Transactions with the Council
BCFT	Fully owned subsidiary	The company's purpose is to provide high quality services with partners that help safeguard, support and promote the welfare of children, young people and families across the Bradford District.	In 2024-25, BCFT was mainly funded by £207.4m contract payment from the council (£215.7 in 2023/24). Its gross expenditure at the close of 2024/25 were £237.3m (£247.2m in 2023-24), and its net assets were £nil (£14.2 in 2023/24).
Bradford Live	Fully owned subsidiary	The company is set up to deliver major refurbishment of the Odeon building and is a key part of the Council's plans for the regeneration of the City Centre area. The refurbishment work completed during 2024-25 but the venue was not in operation.	As at 31 March 2025, expenditure of £6.1m was incurred (£40.4m at 31 March 2024), funded by grant from the council.
New Choices	Fully owned subsidiary	The company is to provide a platform of financial and operational stability in readiness to deliver the Council's Reimagining Day Services Strategy and to develop a modern-day service that is local, encourages people to make links into their own local communities, that helps people to find employment and gives them opportunities to be more independent.	During 2024-25, expenditure incurred on residential care totalling of £6.1m (£7.1m in 2023-24), as part of contracts under which the council has 100% of nomination rights.
Canal Road Urban Village Limited	Minority interest- 199 Ordinary B Shares	The company developed building projects	no transactions in 2024-25 (no transactions in 2023-24).
CBMDC Building Schools for the Future Limited	Fully owned subsidiary	The company was incorporated on 30 November 2006 with the sole purpose to make a loan to Integrated Bradford LEP Fin Co One Ltd.	no transactions in 2024-25 (no transactions in 2023-24).

Note 34: Related Party Transactions (continued)

Other public bodies

The Council has a number of transactions with other public bodies including National Health Service bodies, other Councils, and the Pension Fund. The following transactions are disclosed in other notes:

- Precepting authorities – Comprehensive Income and Expenditure Statement and Collection Fund
- Pension Fund - Note 30
- Pooled Budget - Note 9

Also, National Health Service bodies make payments towards the nursing costs of Council funded residents in care homes.

West Yorkshire Combined Authority

The Council pays a transport levy towards the services provided by the West Yorkshire Combined Authority. The amount paid in 2024-25 was £23.0m (£23.0m in 2023-24). The Leader of Bradford Council is a member of the West Yorkshire Combined Authority. In addition to the transport levy, payments of £1.2m have been made to West Yorkshire Combined Authority in 2024-25 (£3.3m in 2023-24). As at 31 March 2025, balances that were outstanding with WYCA were a short-term debtors balance of £26.6m (£20.1m as at 31 March 2024) and a short-term creditors balance of £0.0m (£0.5m as at 31 March 2024).

Note 35: Contingent Assets and Liabilities

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.

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%. The Council is advised to continue to reserve for an additional 10% on top of the current 25% clawback in order to meet any future claim payments. (Please see Provisions, Note 28).

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.

Compulsory Purchase Order

The Council is currently in the process of a compulsory land purchase, where negotiations are ongoing but may result in a referral to the Tribunal for determination – the current value of the claim is in the order of £1m (including costs), but the Tribunal will determine the quantum.

Note 36: Material Income and Expenditure

For the purpose of this note the Council considers material items which exceed £15m. The Council had two material items of expenditure which relate to transactions in 2024-25:

1. £44.2m unitary charges related to the Council's two PFI schemes (£43.4m in 2023-24). See Note 24 for further details.
2. The £120m Capitalisation Direction covers the period to 31 March 2025 (£80m in 2023-24).

In February 2024 the Secretary of State for the former Department for Ministry of Housing, Communities and Local Government provided an "in principle" Capitalisation Direction (CD) of £120m to the Council under the Department's Exceptional Financial Support program. Subsequently, the Council received the actual CD approval from the Government in August 2025. Capitalisation Direction was issued in response to the Council's significant unfunded financial deficit arising from financial challenges which have arisen over a number of years.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

The Capitalisation Direction has been used to meet a £117m overspend on the revenue budget and the balance of £3m to rebuild the General Fund reserve resilience.

Note 37: Events After the Reporting Period

The 2024-25 accounts were authorised for issue on 5 February 2026, following approval from the Corporate Governance and Audit Committee on 20 November 2025. This authorisation was given by the Chair Governance and Audit Committee Cllr Angela Tait and the Interim Strategic Director Corporate Resources/S151 Steven Mair (page 21-22). No significant event taking place after this date.

SECTION – 4

FINANCIAL STATEMENTS FOR HOUSING REVENUE ACCOUNT AND COLLECTION FUND

	Page Number
● <i>Housing Revenue Account (HRA) - Income and Expenditure Statement</i>	116
● <i>Statement of the Movement on The Housing Revenue Account</i>	117
● <i>Housing Revenue Account Notes</i>	118
● <i>Collection Fund Statement</i>	122
● <i>Notes to the Collection Fund</i>	123

Housing Revenue Account (HRA) - Income and Expenditure Statement

The Housing Revenue Account (HRA) reflects a statutory requirement to account separately for local authority housing provision. The Housing Revenue Income and Expenditure Statement shows the cost of managing, maintaining, and financing the Council's housing stock and how they are met from rents and other income. This income and expenditure statement does not reflect all the transactions required by statute to be charged or credited to the HRA for the year. The Statement of Movement on the Housing Revenue Account Balance gives details of the additional transactions which are required by statute.

2023/24	Expenditure	2024/25	Note
£'000		£'000	
34	Repairs and maintenance	78	
191	Supervision and management	156	
1,058	Rents, rates, taxes and other charges	997	
331	Depreciation, revaluations and impairments of non-current assets	2,015	
1,614	Total expenditure	3,245	
	Income		
(2,579)	Dwelling rents	(3,008)	
-	Charges for service and facilities	(35)	
(2,579)	Total income	(3,043)	
(965)	Net Expenditure/(Income) of HRA Services	202	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(44)	(Gain) or loss on sale of HRA non current assets	-	
537	Interest payable and similar charges	717	
(4,131)	Capital grants and contributions receivable	-	
(4,603)	(Surplus) or deficit for the year on HRA Services	919	

Statement of the Movement on The Housing Revenue Account

This statement provides details of the additional transactions which fall outside the HRA income and expenditure statement but must be taken into account in order to determine the surplus or deficit for the year on the HRA Reserve, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

31-March-2024 £'000	Expenditure	31-March-2025 £'000	Note
(502)	Balance on the HRA as at 1 April	(820)	
(4,603)	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	919	
	Adjustments between accounting basis and funding basis:		
	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements		
(331)	Depreciation, revaluations and impairments	(2,015)	
44	(Gain)/loss on HRA disposals	-	
4,131	Use of capital grants to finance capital expenditure	-	
111	Capital expenditure charged to HRA balance	88	
331	Transfer to the Major Repairs Reserve	387	
(318)	Net (increase) or decrease before transfers to or from reserves	(620)	
(820)	HRA Balance at 31 March	(1,440)	

Housing Revenue Account Notes

Note 1: Housing Assets

Housing stock numbers

As at 31 March 2025 the Council was responsible for managing a housing stock of 427 dwelling units, and the stock was made up as follows:

2023/24	Type of accommodation	2024/25
77	High rise flats	77
350	Houses and bungalows	350
427	Total	427

Land and property assets

This note identifies the total balance sheet value of land, houses and other property within the HRA and analyses the movement in the balance sheet value during the year. These assets are included within the council's balance sheet within the classifications Property, plant and equipment, Investment property and Assets held for sale.

The total Balance Sheet value of the Council's HRA assets at 1st April 2024 was £32.686m and at 31st March 2025 was £31.356m, analysed as follows:

Movements in 2024/25	Council Dwellings	Total HRA Fixed Assets
	£'000	£'000
Cost or Valuation		
At 1 April 2024	33,018	33,018
Additions	88	88
Revaluation increases/(decreases) recognised in the revaluation reserve	594	594
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(2,344)	(2,344)
At 31 March 2025	31,356	31,356
Accumulated depreciation and impairment		
At 1 April 2024	(332)	(332)
Depreciation charge	(387)	(387)
Depreciation written out to the revaluation reserve	719	719
At 31 March 2025	(0)	(0)
Net book value at 31 March 2024	32,686	32,686
Net book value at 31 March 2025	31,356	31,356

Note 1: Housing Assets (continued)**Vacant Possession Value**

In accordance with government guidance, council house valuations have been reduced by a regional adjustment of 41% in 2024-25. This adjustment is in recognition of their status as social housing. As a consequence, the council recognises council dwellings at a value of £31.3m on the balance sheet. At vacant possession the same dwellings would have a value of £76.5m therefore recognising an economic cost to the government of providing council housing at less than open market rents of £45.2m.

Note 2: HRA Revenue Reserves

As there is a statutory requirement to account for the Housing Revenue Account separately from the rest of Bradford Council, the accumulated HRA revenue reserve is also recognised separately. Given the significance of current challenges, it has been thought prudent to maintain a relatively high level of reserves and to identify elements within that for specific purposes.

2023/24		Transfers in Year	2024/25
696	General Reserves	620	1,316
48	HRA Furniture & Equipment	-	48
76	HRA Home Adaptations	-	76
820	Total HRA Reserves	620	1,440

Note 3: Interest

Under the requirements of the self-financing regime for the HRA, the council's long-term loans have been individually allocated between the General Fund and the HRA. The HRA is therefore charged with the actual interest cost on its long-term borrowing, plus a proportion of the council's short term interest costs if the HRA has been a net borrower from the General Fund during the year. The method of apportioning the HRA's share of total short term interest costs complies with general accounting practice, and thus the amount charged to the HRA Income and Expenditure Account is the statutory charge.

Note 4: Capital Expenditure and Financing

The following tables identify the total capital expenditure on land, houses, and other assets within the HRA during the financial year, and break it down according to the various funding sources. During 2024/25, the Council incurred £88k capital expenditure on other properties within the HRA (2023/24: £4.6m).

2024/25	Total expenditure	Sources of funding				
		Major Repairs Reserve	Revenue contributions	Borrowing	Grants/ contributions	Total financing
		£'000	£'000	£'000	£'000	£'000
Council dwellings	88		88			88
Balance as at 31 March	88	-	88	-	-	88

2023/24	Total expenditure	Sources of funding				
		Major Repairs Reserve	Revenue contributions	Borrowing	Grants/ contributions	Total financing
		£'000	£'000	£'000	£'000	£'000
Council dwellings	4,667	-	111	426	4,131	4,667
Balance as at 31 March	4,667	-	111	426	4,131	4,667

Note 5: Capital receipts

The Local Government Act 2003 specifies that income from the disposal of HRA assets must be split into usable and reserved elements. Capital receipts from disposals of land, houses and other property within the HRA were as follows:

2023/24	2024/25
104 Council dwellings	-
104	-

Note 6: Depreciation and impairment

The HRA Income and Expenditure Account is charged with depreciation and impairment in order to reflect the full cost of housing at the net cost of service level. For 2024/25 the breakdown of these charges was £0.337m depreciation.

However, within the Statement of Movement on the HRA Reserve a number of adjustments are made in accordance with statute. For HRA properties, the depreciation charge is reversed and replaced with the annual amount deemed to be needed in order to carry out major repair work to maintain the properties. This amount is transferred to the Major Repairs Reserve and used to fund capital expenditure (see note 6 below). Impairment charges for properties are also reversed within the Statement of Movement on the HRA Reserve.

2023/24	Expenditure	2024/25
£'000		£'000
	Depreciation	
(332)	Council dwellings	(387)
(332)	Total depreciation and impairment	(387)

Note 7: Major Repairs Reserve

The Accounts and Audit Regulations 2015 require local authorities to maintain a Major Repairs Reserve. The main credit to the reserve is an amount equivalent to the total depreciation charges for all HRA assets. Statute allows any difference between the depreciation credit on the reserve and a specified amount deemed necessary for carrying out major repairs for the year to be transferred back to the HRA. Authorities are able to charge capital expenditure directly to the reserve, and can also use it for making a voluntary set aside to repay debt. The following table shows the movement on the Major Repairs Reserve for the financial year.

2023/24		2024/25
-	Balance at 1 April	(331)
(331)	Statutory Transfer to reserve	(387)
(331)	Balance at 31 March	(718)

Collection Fund Statement

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.

2023/24				2024/25			Notes
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
(287,018)	-	(287,018)	Income	(306,922)		(306,922)	1
(1,538)		(1,538)	Council Tax receivable	(516)		(516)	
	(114,975)	(114,975)	Council Tax Discounts Funded from Billing Authority General Fund		(122,531)	(122,531)	2
-	(7,406)	(7,406)	Business Rates receivable		(1,280)	(1,280)	
(288,556)	(122,381)	(410,937)	Total income	(307,438)	(123,811)	(431,249)	
			<i>Precepts:</i>				
236,364		236,364	- Council	250,164		250,164	
11,108		11,108	- West Yorkshire Fire and Rescue Authority	11,517		11,517	
34,005		34,005	- West Yorkshire Combined Authority	36,090		36,090	
			<i>Business Rates:</i>				
	59,437	59,437	- Payment to Central Government		62,761	62,761	
	1,189	1,189	- Payment to West Yorkshire Fire And Rescue Authority		1,255	1,255	
	58,249	58,249	- Payment to Bradford		61,506	61,506	
	712	712	- Costs of Collection allowance		712	712	
	417	417	- Disregarded Amounts - Designated Growth Area		481	481	
	21	21	- Write-offs of Uncollectable Amounts		(637)	(637)	
	(5,385)	(5,385)	- Settlement of Appeals		(5,519)	(5,519)	
4,777	1,136	5,913	- Contribution to / from (-) Allowance for Council Tax and NDR Debts	8,428	2,965	11,393	3
	11,368	11,368	-Contribution to / from (-) Provision for Losses on Appeals		(292)	(292)	4
			<i>Distribution of Collection Fund Surplus/Repayment of Deficit:</i>				
(1,931)	(2,066)	(3,997)	- Bradford Council	3,395	2,228	5,623	
(88)	(42)	(130)	- West Yorkshire Fire and Rescue Authority	160	45	205	
(261)		(261)	- West Yorkshire Combined Authority	488	-	488	
	(2,108)	(2,108)	- Central Government		2,273	2,273	
283,975	122,928	406,903	Total expenditure	310,242	127,778	438,020	
(4,581)	547	(4,034)	Net Movement (Surplus)/Deficit in the Fund Balance	2,804	3,967	6,771	5
(708)	467	(241)	Balance at beginning of year	(5,289)	1,014	(4,275)	
(5,289)	1,014	(4,275)	(Surplus)/deficit balance carried forward	(2,485)	4,981	2,496	
			Allocated to:				
(4,442)	497	(3,944)	- Bradford Council	(2,078)	2,441	363	
(208)	10	(198)	- West Yorkshire Fire and Rescue Authority	(98)	50	(48)	
(640)		(640)	- West Yorkshire Combined Authority	(309)		(309)	
	507	507	- Central Government		2,490	2,490	

Notes to the Collection Fund

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 £1,701.86 in 2024-25 (£1,620.98 in 2023-24) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2024-25 was 144,890 (143,920 in 2023-24). The tax base for 2024-25 was approved at the Executive meeting on 7th January 2024 and was calculated as follows:

2023/24	Band	Estimated number of dwellings after effect of discounts	Ratio	2024/25	
				Band D equivalent dwellings	
61	A*	119	5 / 9		66
41,187	A	62,287	6 / 9		41,525
29,200	B	37,754	7 / 9		29,364
31,015	C	35,239	8 / 9		31,323
16,199	D	16,130	9 / 9		16,130
14,769	E	12,162	11 / 9		14,865
8,320	F	5,825	13 / 9		8,414
5,895	G	3,568	15 / 9		5,947
520	H	265	18 / 9		530
147,166	Total Band D equivalent				148,164
(3,246)	Adjustment for estimated losses on collection				(3,274)
143,920	Council Tax Base				144,890

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

The Council collects business rates on behalf of central government for its area. The tax rate (called the Multiplier) for commercial property is set by Central Government. There are two multipliers: the small business non-domestic rating multiplier of 49.9p (49.9p in 2023-24) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 54.6p (51.2p in 2023-24) includes the supplement to pay for small business relief.

The local government finance regime was revised in 2013-14 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 2024-25 were estimated before the start of the financial year as £1.255m to WYFRA and £61.506m to Bradford Council. These sums have been paid in 2024-25 and charged to the Collection Fund in year.

Note 2: Business Rates (National Non-Domestic Rates) - continued

The total income from business rates in 2024-25 was £123.811m (£122.381m in 2023-24). This sum includes £1.280m (£7.406m in 2023-24) of transitional protection payments, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be paid to the Council by Central Government.

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £386.9m for 2024-25 (£386.6m for 2023-24).

Note 3: Allowance for Council Tax and Business Rate Debts

In 2024-25, the allowance for Council Tax debts impairment increased from £19.270m to £23.706m. The net movement of £4.436m represents amounts charged against the allowance of £3.992m for outstanding arrears that are irrecoverable and an increase in the allowance during the year of £8.428m. Of the final balance, 84% is to cover Council Tax owed to the Council. The remaining 16% is to cover amounts owed to major preceptors.

In 2024-25, the allowance for Business Rates debts impairment increased from £6.555m to £7.208m. The net movement of £0.653m represents amounts charged against the allowance of £2.312m for outstanding arrears that are irrecoverable and an increase in the allowance during the year of £2.965m. Of the final balance, 49% is to cover Business Rates owed to the Council. The remaining 51% is to cover amounts owed to West Yorkshire Fire and Rescue Authority (1%) and amounts owed to Central Government (50%).

Note 4: Provision for Losses on Appeals

A check, challenge and appeal process give ratepayers the opportunity to challenge the rateable value of their business premises. Within the 2024-25 Business Rate Pool, the Council shares 49% of the risks and rewards of the income from Business Rates.

The Collection Fund currently holds £7.295m (£13.106m in 2023-24) of appeals provision to counter the potential impact of successful appeals in future years. Within this balance, £5.405m (£3.183m in 2023-24) of provision is held in relation to the 2023 valuation list, and £1.890m (£9.554m in 2023-24) of provision is held in relation to the 2017 valuation list. This provision is subject to uncertainty as it is based on assessments made by the Valuation Office Agency over which the council has no influence.

Note 5: Collection Fund Balance

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 deficit of £2.496m arose in 2024-25 (£4.275m surplus in 2023-24), of which the Council's share was a deficit of £0.363m (£3.945m surplus in 2023-24) and the preceptors share was a deficit of £2.133m (£0.330m surplus in 2023-24). This is due to the overall deficit position on Business Rates offset by a surplus position on Council Tax.

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.

PENSION FUND ACCOUNTS AND NOTES

Pension Fund Accounts and Notes

	Page Number
• <i>Pension Fund Account</i>	131
• <i>Net Assets Statement</i>	132
• <i>Notes to the Pension Fund</i>	133

NOTES TO THE PENSION FUND

Note Reference	Description	Page Number
Note 1:	<i>Operations and Membership</i>	133
Note 2:	<i>Actuary's Report</i>	134
Note 3:	<i>Accounting policies</i>	136
Note 4:	<i>Assumptions made about the future and other major sources of estimation uncertainty</i>	138
Note 5:	<i>Events After the Balance Sheet Date</i>	138
Note 6:	<i>Contributions receivable by category:</i>	139
Note 7:	<i>Transfers in from Other Pension Funds</i>	140
Note 8:	<i>Non-statutory pensions and pensions increase recharged</i>	140
Note 9:	<i>Benefits Payable</i>	141
Note 10:	<i>Payments to and on Account of Leavers</i>	141
Note 11:	<i>AVC scheme with Utmost, Scottish Widows and Prudential</i>	141
Note 12:	<i>Actuarial present value of promised retirement benefits</i>	142
Note 13:	<i>Management expenses</i>	146
Note 14:	<i>Investment Management Expenses</i>	146
Note 15:	<i>Investment Income</i>	147
Note 15a:	<i>Tax on Income</i>	147
Note 16:	<i>Direct Property Holdings</i>	148
Note 17:	<i>Investments</i>	149
Note 17a:	<i>Movement in the value of investments</i>	149
Note 17b:	<i>Stock Lending</i>	150
Note 18:	<i>Fair value - basis of valuation</i>	151
Note 18a:	<i>Sensitivity of assets valued at level 3</i>	152
Note 18b:	<i>Valuation hierarchy</i>	153
Note 19:	<i>Financial instruments – classification</i>	155
Note 20:	<i>Current assets – debtors</i>	155
Note 21:	<i>Current liabilities – creditors</i>	156
Note 22:	<i>Related party transactions</i>	156
Note 23:	<i>Nature and extent of risks arising from financial instruments</i>	157
Note 24:	<i>Contractual commitments</i>	160
Note 25:	<i>Accounting Standards Issued, not yet adopted</i>	160
Note 26:	<i>Investment Strategy Statement</i>	161

Report on the audit of the financial statements

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 2025, which comprise the Pension Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2025; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

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 for the audit of the financial statements" section of our report. We are independent of the Council, as administering authority for 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Interim Strategic Director Corporate Resources/S151's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Interim Strategic Director Corporate Resources/S151 with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the Annual Governance Statement, and information included in the Statement of Accounts other than the financial statements and our auditor's report thereon. The Interim Strategic Director Corporate Resources/S151 is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 Interim Strategic Director of Corporate Resources for the financial statements

As explained more fully in the Statement of Responsibilities, the Interim Strategic Director Corporate Resources/S151 is responsible for the preparation of the Statement of Accounts, which includes the 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 2024/25, and for being satisfied that they give a true and fair view. The Interim Strategic Director Corporate Resources/S151 is also responsible for such internal control as the Interim Strategic Director Corporate Resources/S151 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Strategic Director Corporate Resources/S151 is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Interim Strategic Director Corporate Resources/S151 is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its 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 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 opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Pension Fund, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Local Government Pension Scheme Regulations 2013 (as amended).

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Pension Fund, the environment in which it operates, and the structure of the Pension Fund, and considering the risk of acts by the Pension Fund which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Governance & Audit Committee as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Pension Fund which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management, and the Governance & Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, testing of accounting estimates and testing any unusual transactions.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Governance & Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Strategic Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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.

Use of the audit report

This report is made solely to the members of City of Bradford Metropolitan Borough Council, as a body and as administering authority for the West Yorkshire Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and 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.



Alastair Newall, Key Audit Partner

For and on behalf of Forvis Mazars LLP (Local Auditor)

One St Peter's Square

Manchester

M2 3DE

10 February 2026

2023/24 £'000		2024/25 £'000	Note
	Dealings with members, employers and others directly involved in the fund		
521,117	Contributions receivable	588,330	6
46,694	Transfers in	65,150	7
567,811		653,480	
	Benefits payable:		
(689,430)	Benefits payable	(782,585)	9
(29,548)	Payments to and on account of leavers	(47,926)	10
(718,978)		(830,511)	
(151,167)	Net additions/(withdrawals) from dealing with members	(177,031)	
(14,421)	Management expenses	(16,721)	13
(165,588)	Net additions/(withdrawals) including management expenses	(193,752)	
	Returns on investments		
571,926	Investment income	589,904	15
(7,739)	Taxes on income	(12,465)	15a
980,466	Profit and (losses) on disposal of and changes in value of investments	230,519	17
1,448	Stock lending	1,719	17b
1,546,101	Net return on investments	809,677	
1,380,513	Net Increase (decrease) in the net assets available for benefits during the year	615,925	
17,973,118	Opening net assets of the scheme	19,353,631	
19,353,631	Closing net assets of the scheme	19,969,556	

Net Assets Statement

31 March 2024 £'000 (Restated)		31 March 2025 £'000 Note
	Investment assets	
2,548,328	Bonds *	2,744,969 17
11,463,748	Equities (including convertible shares)	11,670,558 17
4,363,665	Pooled investment vehicles	4,564,235 17
6,200	Direct Property	94,200 17
867,815	Cash**	786,473 17
86,310	Other investment balances	80,586 17
	Investments liabilities	
(3,048)	Other investment balances	(5,729) 17
19,333,018	Investments at 31 March	19,935,292
	Current assets	
68,022	Debtors	72,131 20
	Current liabilities	
(47,409)	Creditors	(37,867) 21
20,613	Net current assets and liabilities	34,264
19,353,631	Net assets of the fund available to fund benefits at the end of the reporting period	19,969,556

NOTE: The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2025. 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.

* Net Assets Statement for 2023/24 has been restated for index linked securities which were disaggregated from bonds.

The decision to group bonds and index-linked securities was made to align with the structure of the CIPFA Code of Practice and to streamline the presentation of the Net Assets Statement.

a) Nature of the reclassification:

Under the CIPFA Code of Practice, bonds and index-linked securities are not treated as separate categories. As a result, we have grouped them together for reporting purposes within the Net Assets Statement.

b) Amount of each item or class of items reclassified:

The combined value of bonds and index-linked securities has been reported as a single aggregated figure. In 2023/24 the value of index-linked securities was £998,698,000 and bonds was £1,549,630,000.

c) Reason for the reclassification:

The decision to group bonds and index-linked securities was made to align with the structure of the CIPFA Code of Practice and to streamline the presentation of the Net Assets Statement.

** Net Assets Statement for 2023/24 has been restated for cash which was an aggregation of cash deposits and cash at bank.

The decision to group cash deposits and cash at bank was made to align with the structure of the CIPFA Code of Practice and to streamline the presentation of the Net Assets Statement.

a) Nature of the reclassification:

Under the CIPFA Code of Practice, cash deposits and cash at bank are not treated as separate categories. As a result, we have grouped them together for reporting purposes within the Net Assets Statement.

b) Amount of each item or class of items reclassified:

The combined value of cash deposits and cash at bank has been reported as a single aggregated figure as cash. In 2023/24 the value of cash deposits was £760,571,000 and cash at bank was £107,244,000.

c) Reason for the reclassification:

The decision to group cash deposits and cash at bank was made to align with the structure of the CIPFA Code of Practice and to streamline the presentation of the Net Assets Statement.

Notes to the Pension Fund

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 <https://www.wypf.org.uk/wypf/wypf-documents-and-boards/>

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 within the Northern LGPS on a day to day basis in-house supported by the Fund's external advisors.

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 three elected members from each of the five West Yorkshire Metropolitan District Councils, three trade union representatives, three external investment advisors, two scheme members, the Managing 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 444 participating employers during the year, 22 left in the year, leaving 422 actives at 31st March 2025 (In 2023/24 there were 448 participating employers during the year, 39 left in the year leaving 409 active employers as at 31st March 2024), whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2025 is 327,632 (31st March 2024 is 323,414).

31-March-2024		31-March-2025
107,102	Active members	107,023
112,780	Pensioner members	117,309
103,532	Members with preserved pensions	103,300
323,414	Total members	327,632

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.

Pension liability –

Under IFRS the Fund is required to disclose the actuarial present value of promised retirement benefits. This is disclosed in Note 12 and does not comprise part of the Net Assets Statement. Significant estimates are used in formulating this information, all of which are disclosed in Note 12. 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 and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Aon, the Fund's consulting Actuaries are engaged to provide expert advice about the assumptions applied. Actuarial valuations are carried out every 3 years and in addition each year we carry out an update to review our pension liability. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS 19.

Note 2: Actuary's Report

West Yorkshire Pension Fund

Statement of the Actuary for the year ended 31 March 2025

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS 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 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £17,979.5M) covering 108.5% of the liabilities.

2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (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.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	16.40%	2.546
2024	16.30%	1.833
2025	16.20%	1.747

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' (or Group's) circumstances.

4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows:

Discount rate for periods in service	
Secure scheduled and subsumption body funding target *	4.50%pa
Intermediate funding targets	
▪ Low risk	4.25%pa
▪ Medium risk	4.05%pa
▪ Higher risk	3.95%pa
Ongoing orphan funding target	3.95%pa
Orphan exit funding target	N/A

Discount rate for periods after leaving service	
Secure scheduled and subsumption body funding target *	4.50% p.a.
Intermediate funding targets	
▪ Low risk	4.25% p.a.
▪ Medium risk	4.05% p.a.
▪ Higher risk	3.95% p.a.
Ongoing orphan funding target	1.60% p.a.
Orphan exit funding target	1.60% p.a.
Rate of pay increases	3.55% p.a.
Rate of increase to pension accounts	2.30% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.30% p.a.

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

In addition, a 10% uplift was applied to the past service liabilities to make allowance for short-term inflation above the long-term assumption.

The assets were valued at market value.

5. 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) S3 Heavy mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, 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 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.5	24.5
Current active members aged 45 at the valuation date	22.8	25.6

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraphs 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.

7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 31 March 2023. Other than as agreed or otherwise permitted or required by the Regulations and in line with the Fund's policy, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

8. This Statement has been prepared by the 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 2022. 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.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

<https://www.wypf.org.uk/media/khvf1mox/west-yorkshire-pension-fund-2022-actuarial-valuation-report-v2.pdf>

Aon Solutions UK Limited

April 2025

Note 3: Accounting policies

Basis of preparation

The statement of accounts summarises the Fund's financial activities for the 2024/25 financial year and its financial position at year-end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Going concern

WYPF statement of accounts have been prepared on a going concern basis, with the assumption that the services of the Fund will continue to operate indefinitely and meet its obligations to provide benefits to its members. Actuarial assumptions are used to calculate WYPF liabilities on the assumption that it will continue to operate and pay out benefits over the long term. WYPF also comply with various regulatory requirements which includes triennial actuarial valuations and audits to ensure the Fund's financial health and its ability to meet future obligations. The officers and Joint Advisory Committee of the West Yorkshire Pension Fund have reviewed the Fund's forecasts and projections, taking into account reasonably possible changes in investments and pension administration performance, and are confident that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, West Yorkshire Pension Fund officers continue to adopt the going concern basis in preparing the annual financial statements.

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.

Where employers have to pay 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 current asset debtors.

Transfers in and out of the Fund

Individual member 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. There were individual and bulk transfers in 2023/24 and 2024/25. These are detailed in Note 7.

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

All oversight and governance expenses are accounted for on an accruals basis. 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

All investment management expenses are accounted for on an accruals basis. 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 unit price per transaction, therefore increase or reduce as the value of the investments and volume of transactions 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 is 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 every three years per LGPS regulations, and it is reviewed annually in the intervening years by the appointed actuary. Annual reviews allow for more frequent updates to the assumptions and data used in the valuation. This can lead to more accurate and timely adjustments to the data used for the triennial valuation, reflecting current economic conditions, demographic changes, and investment performance. This proactive approach helps in managing risks more effectively and ensures that the fund is aware of potential shortfalls or surpluses. Regular updates can provide greater transparency and reassurance to stakeholders, including members, beneficiaries, and regulators. In accordance with the requirements of IAS19 and relevant actuarial standards, and 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 bank 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 amortised cost. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability.

Investment income

Income is the interest due on fixed-interest securities, index-linked securities and short-term investments is accounted for on an accruals basis and calculated daily until the interest is paid.

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 a reduction 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.

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 an expense as it arises.

Financial assets

All our financial assets consist of ordinary equity shares, bonds, properties, pooled investment vehicles and cash. Ordinary equity shares, bonds, pooled investment vehicles and properties are included in the Net Assets Statement based on fair value through profit and loss (FVTPL). All cash, cash deposits, investments debtors and creditors are held to be collected therefore are valued at amortised cost in the Net Assets Statement. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From the date of recognition, any gains or losses arising from changes in the fair value or amortised cost of assets held are recognised in the Net Assets Statement. The values of investments as shown in the Net Assets Statement have been determined at fair value or amortised cost in accordance with the requirements of the Code and IFRS9 (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 Ultmost 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 from AVC providers showing the amount held in their AVC 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 at book cost in sterling and local currency.

c)Balance of foreign currency income accounts are moved daily to the 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 expenses.

Acquisition costs of investments

Brokerage commissions, fees, stamp duties and foreign exchange fees paid as part of 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

A contingent liability arises when an event has taken place that gives the Fund a possible obligation, the existence of which 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. There are no Contingent liabilities for Accounts Payable and this is not recognised in the Net Assets Statement.

Contractual commitments

Contractual (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, typically over a period of between four and six years from the date of each original commitment. Contractual commitments are disclosed in Note 24 to the accounts.

Investment transactions

Investment transactions occurring up to 31 March 2025 but not settled until later are accrued in the accounts.

Note 4: Assumptions made about the future and other major sources of estimation uncertainty

In applying the accounting policies set out in Note 3 above, WYPF has had to make certain estimations about complex transactions or those involving uncertainty about future events.

Assumptions made about the future and other major sources of estimation uncertainty.

Fair value of Investments

In accordance with the Code and IFRS13, the Fund categorises financial investments carried on the Net Assets Statement at fair value using a three-level hierarchy as disclosed in Note 18. Level 1 and 2 are low risk and require minimal judgement and estimation. However, Level 3 is determined using the latest investor reports and capital statements provided by the general partners, adjusted for cash flow after the date of the general partners' report. These require management judgement and contain significant estimation uncertainty. Reliance is placed on general partners to perform these valuations and further due diligence is performed by the Fund to maintain confidence in the data provided. For directly held investment properties we use surveyors' valuation report. The total value of level 3 investment is £3,723m at 31 March 2025. This consists of the Fund's unlisted private equity, pooled investments, property funds and direct property.

In line with the market risk within Note 18, there is a risk that the value of the Fund may reduce or increase during the 2025/26 reporting period by £175m which represents the potential market movement on value of investment at level 3, the potential market movement is shown in Note 18 of the accounts

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:

- Those that provide evidence of conditions that existed at the end of the reporting period, adjusting events after the reporting period. There have been no adjusting or unadjusting events since 31 March 2025.
- Those that are indicative of conditions that arose after the reporting period, non-adjusting events after the reporting period.

Note 6: Contributions receivable by category:

Contributions from employers and employees:

	2023/24 £'000		2024/25 £'000
362,480	Employers		419,608
158,637	Members		168,722
521,117	Total		588,330

By type of employer

	2023/24 £'000		2024/25 £'000
41,457	Administering authority		65,201
439,830	Scheduled bodies		492,737
39,830	Admitted bodies		30,392
521,117	Total		588,330

By category

	2023/24 £'000	Category	2024/25 £'000
		Employees' contributions:	
150,869		Employees' normal contributions	157,737
7,768		Employees' additional contributions	10,985
158,637			168,722
		Employers' contributions:	
352,209		Employers' normal contributions	393,233
7,718		Employers' augmentation contribution *	24,957
2,553		Employers' deficit contributions	1,418
362,480			419,608
521,117	Total		588,330

The reversal of an accrual made in 2022/23 reduced the value of employer contributions in 2023/24.

* Employers' augmentation contribution was within Employer's normal contributions in 2023/24. The increase in employer augmentation costs in 2024/25 compared to 2023/24 relates to staff restructuring at a number of local authorities in 2024/25.

Employers' contribution rates and deficit contributions

Employer contributions receivable in 2024/25 were based on 31 March 2022 triennial valuation. At each triennial valuation (latest 31 March 2022) the Actuary calculates 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. The rates for 2023/24 and 2024/25 based on pay in the financial year are provided below.

2023/24 Pay	2024/25 Pay	Contribution rate
Up to £16,500	Up to £17,600	5.5%
£16,501 to £25,900	£17,601 to £27,600	5.8%
£25,901 to £42,100	£27,601 to £44,900	6.5%
£42,101 to £53,300	£44,901 to £56,800	6.8%
£53,301 to £74,700	£56,801 to £79,700	8.5%
£74,701 to £105,900	£79,701 to £112,900	9.9%
£105,901 to £124,800	£112,901 to £133,100	10.5%
£124,801 to £187,200	£133,101 to £199,700	11.4%
£187,201 or more	£199,701 or more	12.5%

Note 7: Transfers in from Other Pension Funds

By category

2023/24 £'000	Type of transfer	2024/25 £'000
43,843	Individual transfers	47,025
2,851	Bulk transfer in from other schemes	18,125
46,694	Total	65,150

Note 8: Non-statutory pensions and pensions increase recharged

West Yorkshire Pension Fund pays discretionary awards to former employees of a number of employers on an agency basis as shown below. The amounts are fully reclaimed from the employer bodies. 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.

2023/24 £'000	Non-statutory pensions and pensions increase recharged	2024/25 £'000
Payments on behalf of top employers :		
5,664	Bradford Teachers Compensation	5,821
4,240	Leeds City Council	4,292
3,240	Bradford M.D.C	3,258
2,570	Wakefield M.D.C	2,622
1,957	Kirklees M.C	1,950
1,032	Calderdale M.B.C	1,052
751	West Yorkshire P.T.E	724
1,254	OTHER EMPLOYERS	1,029
20,708	Total	20,748

Note 9: Benefits Payable

2023/24 £'000	Analysis of benefits payable	2024/25 £'000
	Funded pensions	
(508,151)	Retired employees	(559,717)
(39,331)	Dependants	(42,700)
	Funded lump sums	
(124,426)	On retirement	(159,823)
(17,522)	On death	(20,345)
(689,430)	Total Benefits Payable	(782,585)

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

By type of employer

2023/24 £'000	Employer type	2024/25 £'000
(100,370)	Administering Authority	(117,815)
(519,085)	Scheduled bodies	(589,855)
(69,975)	Admitted bodies	(74,916)
(689,430)	Total benefits payable	(782,586)

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

2023/24 £'000	Payments to and on account of leavers	2024/25 £'000
(2,384)	Refund of contributions	(2,569)
(27,164)	Individual transfers out to other schemes	(45,357)
(29,548)	Total transfers out	(47,926)

Note 11: AVC scheme with Utmost, Scottish Widows and Prudential

The Fund provides an Additional Voluntary Contributions (AVC) Scheme for its contributors, the assets of which are invested separately from the main Fund. The scheme providers are Utmost, 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:

2023/24 £'000	Additional voluntary contributions	2024/25 £'000
45,264	Value of funds at 1 st April	55,400
12,926	Contributions received	15,321
110	Transfers and withdrawals	80
4,457	Interest and bonuses / change in market value of assets	2,538
(7,358)	Sale of investments to settle benefits due to members	(12,228)
55,400	Value of fund at 31st March	61,111

The aggregate amounts of AVC investments are:

2023/24 £'000	AVC investments	2024/25 £'000
1,493	Utmost	1,210
45,281	Prudential	52,108
8,626	Scottish Widows	7,793
55,400	Total	61,111

Additional voluntary contributions are not included in the Fund Account in accordance with regulation 4(2)(c) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

Note 12: Actuarial present value of promised retirement benefits

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 31 March 2014, are based on members' final pensionable pay. On the 1 April 2014 the scheme changed from a final salary scheme to a CARE (career average revalued earnings) scheme and pension benefits are based on a member's pay in each scheme year. 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 the triennial funding.

Introduction

IAS 26 requires the 'actuarial present value of the promised retirement benefits' to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the 'defined benefit obligation'.

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a career average revalued earnings scheme. Details of the benefits covered by these figures are set out in 'The Local Government Pension Scheme Regulations 2013' (as amended) and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014' (as amended).

Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on local authority accounting for 2024/25 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2025, together with the results as at 31 March 2024 are shown in the table below. The corresponding fair value of the 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.

31st March 2024 £m		31st March 2025 £m
19,353.6	Value of net assets	19,969.6
17,408.1	Actuarial present value of the defined benefit obligation	15,096.9
1,945.5	Surplus / (deficit) in the fund as measured for IAS 26 purposes	4,872.7

Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31 March 2022. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

31st March 2024		31st March 2025
16.7	Duration of Liabilities (years)	15.4
4.80%	Discount rate	5.80%
2.60%	CPI inflation ⁽¹⁾ ⁽²⁾	2.50%
3.85%	Salary increases ⁽³⁾	3.75%

(1) Pension increases in excess of Guaranteed Minimum in payment where appropriate.

(2) The assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases. In addition to the assumption for future pension increases, we have allowed for the impact of known CPI inflation as published at the accounting date (up to 28 February 2025) which will influence the pension increase as at April 2026.

(3) A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the 2022 actuarial valuation of the Fund. We have also not allowed for the effect of pay rises being either above or below the rates assumed at the year-start.

Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

31st March 2024		31st March 2025
	Males	
21.0	Future lifetime from age 65 (pensioners aged 65)	20.9
22.3	Future lifetime from age 65 (actives aged 45)	21.8
	Females	
24.2	Future lifetime from age 65 (pensioners aged 65)	24.1
25.2	Future lifetime from age 65 (actives aged 45)	24.8

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2022 valuation. Assumptions for the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2022 valuation of the fund, which are detailed in the actuary's valuation report.

Key risks associated with reporting under IAS 26 and sensitivity

Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Fund are invested in equities and other growth assets. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund. For example:

- A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).
- The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit. As such, the Fund Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and is comfortable that they are appropriate.
- The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit. As such, the Fund Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and is comfortable that they are appropriate.

The accounting standard (and industry/auditor interpretation of the accounting standard) results in a narrow range of financial assumptions that could be used to report pension liabilities. In particular, the discount rate must be based on the yields on high quality corporate bonds, and the assumption for future inflation is expected to be based on implied inflation priced into the gilts market. This also impacts the reported nominal pay increase assumption, which is determined in real terms. The financial assumptions will therefore be different to the assumptions used in the triennial valuation when setting contribution rates, resulting in different published results. Further explanation of these differences is set out later in this report.

All other assumptions used for accounting pension liabilities must represent a best estimate of future experience from the Fund. Most other assumptions are therefore set in line with those used for the last triennial valuation, however the mortality improvement assumptions may be updated for accounting purposes to reflect the latest published data.

In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

IAS 19 requires entities to disclose information about the sensitivity of the defined benefit obligation to changes in key assumptions although it is not clear that IAS 26 or the CIPFA Code of Practice requires this information. Nevertheless, we have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by one year. In each case, only the assumption mentioned is altered. All other assumptions remain the same.

Sensitivity analysis

Discount rate assumption

Adjustment to discount rate assumption	+0.10% £m	(0.10%) £m
£ change to present value of the defined benefit obligation	(229.9)	233.4
% change in present value of defined benefit obligation	(1.5%)	1.5%

Rate of general increase in salaries

Adjustment to salary increase rate assumption	+0.10% £m	(0.10%) £m
£ change to present value of the defined benefit obligation	28.7	(28.4)
% change in present value of defined benefit obligation	0.2%	(0.2%)

Rate of increase to pensions and rate of revaluation of pension accounts

Adjustment to pension increase rate assumption	+0.10% £m	(0.10%) £m
£ change to present value of the defined benefit obligation	204.7	(201.5)
% change in present value of defined benefit obligation	1.4%	(1.3%)

Post retirement mortality assumption

Adjustment to members' life expectancy	- 1 year £m	1 year £m
£ change to present value of the defined benefit obligation	(368.8)	377.4
% change in present value of defined benefit obligation	(2.4%)	2.5%

Comparison with funding valuation

The results of the IAS 26 valuation will differ from results of the latest triennial actuarial valuation. This section explains the main reasons for these differences between the funding update as at 31st March 2025 and the 2025 IAS 26 result.

Purpose of each exercise

IAS 26 requires the pension fund to disclose the actuarial present value of the promised retirement benefits in the pension fund accounts, using prescribed accounting principles and CIPFA guidance. The purpose is to disclose a liability value to users of the accounts on a comparable basis to similar entities. The purpose of the triennial actuarial valuation is to review the financial position of the Fund and report on the adequacy of the contributions to support the benefits of the Fund. If the valuation identifies that the contributions will fall short of (or be in excess of) those necessary to provide the benefits, contributions will normally be revised up (or down).

Who makes the key decisions?

Under IAS 26 the Administering Authority has the responsibility of deciding on the actuarial assumptions to be used for the assessment, but these must be based upon the guidance set out within the accounting standard and should be set upon advice given by an actuary.

Under the triennial actuarial valuation the LGPS regulations require the Fund's Actuary to produce the valuation report. The Actuary must have regard to the Funding Strategy Statement and the regulatory framework, and will discuss the funding strategy with the Administering Authority before finalising the valuation.

Assumptions used to value the liabilities

The main difference between the accounting exercise and the valuation exercise is the assumptions used to calculate the liabilities (actuarial present value of the promised retirement benefits).

The discount rate (assumption for future investment returns) is set differently in each exercise, and this often causes the greatest difference in the results.

IAS 19 (the guidance on the assumptions to use under IAS 26) requires the discount rate to be based on the current rate of return on high quality corporate bonds of equivalent term to the Fund's liabilities. High quality corporate bonds are interpreted to be bonds with at least a AA credit rating.

In the triennial actuarial valuation the assumption for the discount rate reflects the Actuary's views of the estimated returns available on the Fund's investments over the long term. The Fund holds significant holdings of equity type investments that currently, and in recent history, are expected to achieve a return above AA-rated corporate bond yields. A prudent approach is taken, considering the level of risk as set out in the Funding Strategy Statement. This results in an expected return assumption that the actuary believes has a better than evens chance of being achieved by the Fund's investment strategy (in other words, the assumption is set below the best estimate return assumption, to be prudent).

When the discount rate (investment return assumption) used in the IAS 26 assessment is lower than the discount rate used in the triennial actuarial valuation this results in a higher accounting liability, a higher accounting deficit (or lower surplus), and a higher current service cost (relative to the contributions being paid for future service). The opposite is true when the accounting discount rate is higher than the discount rate used in the triennial valuation.

The assumptions for future inflation are also set differently under IAS 26 reporting from in the triennial valuation. Both assumptions have regard to the implied rate of future inflation priced by the gilts markets, however the gilts market has historically over-priced inflation, and the consensus is that it will continue to do so. This is known as an 'inflation risk premium'. When setting the inflation assumption for IAS 26 purposes auditors expect the CPI assumption to be based on market data and accept only a very modest reduction for an inflation risk premium. In contrast, in the funding valuation we make a best estimate allowance for inflation, which involves a greater reduction to market-implied inflation resulting in a lower future rate of assumed CPI inflation. All else being equal, this results in a lower liability value in the funding valuation than presented in the accounts.

The demographic assumptions (such as mortality rates) used for the accounting figures are usually the same as those adopted for the triennial actuarial valuation of the Fund, however revised assumptions for the rate of longevity improvements may be used for accounting purposes (as is the case in 2025).

Roll-forward method / different calculation dates.

The most recent triennial actuarial valuation of the Fund was carried out as at 31 March 2022. IAS 19 requires the results to be based on a full actuarial valuation at least every 3 years. The 2025 actuarial valuation is currently in progress and the results of which will be published in the Fund Actuary's valuation report by 31 March 2026. The results of the 2025 valuation will be different to the results of the funding update shown in this report for a number of reasons including the use of updated membership data and updated funding strategy in the 2025 valuation results. It is widely accepted that the use of 'roll-forward' techniques can be used in the intermediate years to approximately update the position for reporting purposes without the need for a valuation using full membership data of the Fund. As the roll-forward is approximate the result will be different to the result of a full valuation of the benefits at the same date. This difference will increase the longer the period of the roll-forward. Finally, if the accounting date is at a different date to the actuarial triennial valuation the calculation will be based on different market conditions and will not be comparable.

Reconciliation of IAS 26 liabilities to the funding liabilities

The below tables set out the difference between the IAS 26 valuation and funding valuation measured at two different dates (31 March 2022, the date of the latest funding valuation, and 31 March 2025).

Comparison as at 31 March 2022

	Comment moving from funding to IAS 26	£M
Funding Liability at 31 March 2022		16,573.0
Impact of change due to:		
Discount rate assumption	Lower IAS 19 discount rate discount rate (reduce from 4.5%* to 2.7%)	6,030.0
Inflation assumption **	Higher IAS 19 CPI assumption (increase from 2.3% to 3.0%)	3,160.2
Mortality improvement assumptions	No change	0.0
Allowance for short term high inflation	Removing the 10% uplift to valuation liabilities and replacing with known experience to date	(1,746.8)
IAS 26 Liability at 31 March 2022		24,016.4

Comparison as at 31 March 2025

	Comment moving from funding to IAS 26	£M
Funding Liability at 31 March 2025		17,422.6
Impact of change due to:		
Discount rate assumption	Higher IAS 19 discount rate discount rate (increase from 4.7%* to 5.8%)	(3,047.8)
Inflation assumption **	Higher IAS 19 CPI assumption (increase from 2.1% to 2.5%)	931.5
Mortality improvement assumptions	Updated IAS 26 projection model from CMI 2021 to CMI 2023 and a reduction in the long term rate of mortality improvements from 1.5% p.a.. To 1.25% p.a.	(358.8)
Allowance for short term high inflation	Removing the 10% uplift to valuation liabilities and replacing with known experience to date	149.4
IAS 26 Liability at 31 March 2025		15,096.9

Notes (both tables)

* We have quoted the discount rate for secure scheduled bodies. However, our calculations allow for some employers' liabilities being calculated using a funding target with a lower discount rate. The average Fund discount rate is around 0.12% p.a. lower than quoted.

** Impact on change in inflation assumption includes change in general salary increase assumption which is based on a margin above inflation.

Actuarial confirmation

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgement delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

The actuarial confirmations for all local government pension scheme (LGPS) amendments have not yet been located. The update received from PwC in July 2024 included the following statement from GAD 'We believe a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this'.

On 5 June 2025, the Government announced that it will 'introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.' Once the legislation has been passed, affected pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

Given this announcement, it is unlikely that there will be an impact on LGPS liabilities, however management will continue to monitor developments.

Note 13: Management expenses

	2023/24 £'000	Management expenses	2024/25 £'000
(5,824)	Administration costs		(6,202)
(7,141)	Investment Management expenses		(8,979)
(1,456)	Oversight and Governance		(1,540)
(14,421)	Value of fund at 31st March		(16,721)

This analysis of the costs of managing West Yorkshire Pension Fund during the accounting period has been prepared in accordance with CIPFA guidance. The Oversight and Governance expenses above includes a statutory audit fee of £217k (2023/24 £163k) which is included in Oversight and Governance.

The costs associated with the running of Northern LGPS that relate specifically to WYPF are included within the administration costs above. The total actual costs for the 2024/25 reporting period was £57.4k (2023/24 £13.5k). The estimated provision for 2024/25 was £50k and the brought forward estimated provision from 2023/24 was £15k.

Note 14: Investment Management Expenses

	2023/24			2024/25		
	Transaction costs £'000	Management fees £'000	Total £'000	Transaction costs £'000	Internal/ External Management fees £'000	Total £'000
Bonds*	-	736	736	-	897	897
Equities	754	3,436	4,190	1,704	3,812	5,516
Pooled investment vehicles	304	1,308	1,612	(21)	1,491	1,470
Direct property	-	2	2	-	470	470
Cash**	-	260	260	-	257	257
	1,058	5,742	6,800	1,683	6,926	8,609
Custody fees			341			370
Total	1,058	5,742	7,141	1,683	6,926	8,979

* Index-linked securities have been reclassified to Bonds in 2024/25 in line with the CIPFA Code of Practice on Local Authority Accounting in the UK 2024/25. The 2023/24 value for Index linked securities which was £998,698,000 and bonds which was £1,549,630,000 have been aggregated.

** The combined value of cash deposits and cash at bank has been reported as a single aggregated figure as cash. In 2023/24 the value of cash deposits was £760,571,000 and cash at bank was £107,244,000.

Investment expenses are included in within management expenses (Note 13). Investment expenses are of particular interest to LGPS funds' stakeholders and as such a further breakdown of this cost is provided here. Transaction costs are included to comply with CIPFA guidance. All of the assets that WYPF hold are managed by a team of internal investment managers and as such we do not incur any performance fees.

There were no performance fees payable to fund managers in 2024/25 and 2023/24.

Note 15: Investment Income

2023/24 £'000		2024/25 £'000
59,683	Bonds	84,545
356,799	Equites	349,244
416,482	Bonds, Equities	433,789
26,311	Pooled funds equities	17,493
18,589	Pooled funds properties	18,745
-	Pooled funds hedge fund	-
20,340	Pooled funds private equities	26,575
38,728	Pooled funds private equity infrastructure	39,817
103,968	Pooled funds	102,630
420	Direct property	1,075
51,056	Cash*	46,100
-	Interest received on bank balances	6,310
571,926	Total	589,904

* In 2023/24 this was Cash certificate of deposits. This has been renamed as Cash.

Note 15a: Tax on Income

2023/24 £'000	Tax on income	2024/25 £'000
(12,333)	Dividends from equities	(13,596)
4,594	Investment tax reclaim	1,131
(7,739)	Total tax on income	(12,465)

Note 16: Direct Property Holdings

2023/24 £'000	Direct Property Holdings	2024/25 £'000
6,125	Opening balance	6,200
	Additions:	
-	Purchases	91,713
-	Construction	-
-	Subsequent expenditure	-
-	Disposals	-
75	Net Increase/ decrease in market value	(3,713)
-	Other changes in fair value	-
6,200	Closing value	94,200

Note 17: Investments

Note 17a: Movement in the value of investments

2024/25	Value as 1 Apr £'000	Purchases £'000	Sales £'000	Reclassification * £'000	Realised gains/losses £'000	Unrealised gains/losses £'000	Value at 31 March £'000
Bonds	2,548,328	1,678,347	(1,341,656)	776	(7,001)	(133,825)	2,744,969
Equities (including convertible shares)	11,463,748	1,032,666	(1,006,730)	(150,809)	451,768	(120,086)	11,670,558
Bonds, Equities	14,012,076	2,711,013	(2,348,386)	(150,033)	444,767	(253,911)	14,415,527
Pooled funds equities	1,079,231	140,129	(227,910)	(18,880)	155,388	(112,423)	1,015,534
Pooled funds properties	558,324	8,770	(47,985)	-	10,303	(5,361)	524,051
Pooled funds hedge fund	159,306	6,000	(15,908)	-	11,151	5,937	166,486
Pooled funds private equities	1,301,658	266,643	(259,541)	177,601	91,872	(28,914)	1,549,318
Pooled funds private equity infrastructure	1,265,146	117,755	(70,538)	(8,688)	(870)	6,040	1,308,846
Pooled investment vehicles	4,363,665	539,297	(621,882)	150,033	267,844	(134,721)	4,564,235
Direct property	6,200	92,763	(1,051)	-	-	(3,713)	94,200
Investments	18,381,941	3,343,073	(2,971,319)	-	712,611	(392,345)	19,073,962
Cash Debtors Creditors					Currency movement Increase/ Decrease		
Cash	867,815	8,406	-	-	(89,747)	-	786,473
Other investment debtors	86,310	-	(5,724)	-	-	-	80,586
Other investment creditors	(3,048)	(2,681)	-	-	-	-	(5,729)
Total investment cash, debtor and creditors	951,077	5,725	(5,724)	-	(89,747)	-	861,330
Total investments	19,333,018	3,348,798	(2,977,043)	-	622,864	(392,345)	19,935,292

Other investment debtors and Other investment creditors have been included in order to balance back to the total net assets.

* Investment assets were reclassified during 2024/25 as a result of better information becoming available about the nature of the assets

2023/24	Value as 1 Apr £'000 (Restated)	Purchases £'000 (Restated)	Sales £'000 (Restated)	Realised gains/losses £'000 (Restated)	Unrealised gains/losses £'000 (Restated)	Value at 31 March £'000 (Restated)	150
Bonds*	2,115,773	1,384,156	(931,895)	(130,321)	110,615	2,548,327	
Equities (including convertible shares)	10,814,133	512,847	(613,639)	187,829	562,579	11,463,749	
Bonds, Equities	12,929,906	1,897,003	(1,545,534)	57,508	673,194	14,012,076	
Pooled funds equities	983,903	24,645	(48,177)	85	118,775	1,079,231	
Pooled funds properties	593,475	21,688	(35,666)	15,674	(36,847)	558,324	
Pooled funds hedge fund	144,142	10,099	(195,975)	123,496	77,544	159,306	
Pooled funds private equities	1,318,376	149,423	(143,585)	73,255	(95,811)	1,301,658	
Pooled funds private equity infrastructure	1,226,660	187,625	(101,937)	17,858	(65,060)	1,265,146	
Pooled investment vehicles	4,266,556	393,480	(525,340)	230,368	(1,399)	4,363,665	
Direct property	6,125	-	-	-	75	6,200	
Investments	17,202,587	2,290,483	(2,070,874)	287,876	671,870	18,381,941	
Cash Debtors Creditors				Increase	Decrease	Currency movement Increase/ Decrease	
Cash*	651,517	195,577	-	20,721	-	-	867,815
Other investment debtors	80,283	6,027	-	-	-	-	86,310
Other investment creditors	(18,496)	-	15,448	-	-	-	(3,048)
Total investment cash, debtor and creditors	713,304	201,604	15,448	20,721	-	-	951,077
Total investments	17,915,891	2,492,087	(2,055,426)	308,597	671,870	19,333,018	

*Investment assets in 2023/24 had been disaggregated to a greater level than is required by the Code. To bring the disclosure in line with the Code Index linked bonds have now been included with bonds and cash deposits and cash at bank combined as cash. In 2023/24 the value of index-linked securities was £998,698,000 and bonds was £1,549,630,000 and the value of cash deposits was £760,571,000 and cash at bank was £107,244,000.

Other investment debtors and Other investment creditors have been included in order to balance back to the total net assets.

WYPF does not have a single financial asset holding that is more than 5% of market value of the total asset holding as at 31/03/2025 and 31/03/2024.

Realised gains and losses are profits and losses realised on sales of investments during the year. Unrealised gains and losses are changes in market value of investments during the year includes all increases and decreases in market value of investments held at any time during the year. A further analysis of the asset split between overseas, and UK can be found in Note 23.

Note 17b: Stock Lending

2023/24 £'000	Analysis of stock lending	2024/25 £'000
	Income	
312	Bonds	-
201	UK Equities	-
1,247	International equities	2,107
(312)	Expenditure	(388)
1,448	Total	1,719

As at 31st March 2025 the value of the stock on loan was £1.3bn, equivalent to approximately 6.8% of the total value of assets. The stock on loan was covered by collateral valued at £1.4bn. this includes a 7.63% margin on value.

As at 31 March 2024, the value of stock on loan was £790 million, equivalent to approximately 4.11% of the total value of the assets. The stock on loan was covered by collateral valued at £842 million (which includes a 6.68% margin on value).

Note 18: Fair value - basis of valuation

The classification of assets within the fair value hierarchy is determined using the criteria set out in IFRS13 Fair Value Measurement. 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. Transfers between levels are deemed to have occurred when there is a significant change to the level of observable and unobservable inputs used to determine fair value.

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key Sensitivities affecting valuation provided
Level 1			
Quoted equities	Quoted equities that are listed and actively traded on a recognised stock exchange. These are valued at the quoted bid price at the valuation date.	Observable inputs - bid prices on stock exchanges.	Not Required
Quoted bonds	Quoted bonds that are listed and actively traded on a recognised stock exchange are valued at the quoted bid price at the relevant date.	Observable inputs - bid prices on stock exchanges.	Not Required
Quoted indexed linked bonds	Quoted indexed linked bonds that are listed and actively traded on a recognised stock exchange are valued at the quoted bid price at the relevant date. The bid price is further adjusted for inflation by multiplying the bid price with change in the relevant inflation from issued date to the valuation date.	Observable inputs - bid prices on stock exchanges and retail price index.	Not Required
Level 2			
Pooled investment- overseas unit trusts and quoted property funds	Quoted equities that are listed on a recognised stock exchange, but are not actively traded daily. These are valued using bid prices at the valuation date published by investment managers at the pooled funds. These prices are typically NAV-based prices and they are set on a forward pricing basis. We do not know in advance the exact price we will pay or receive, as this will be based on the NAV at a future time. Prices are reviewed periodically ranging from 7 days, monthly or quarterly.	Observable inputs - bid prices on stock exchanges.	Not Required
Level 3			
All unquoted, delisted or suspended assets, pooled investments - hedge funds, unit trusts and property funds	<p>Unquoted assets are valued based on either of these methods:</p> <p>a) Unquoted assets are valued at fair value by the fund manager, in accordance with industry-accepted guidelines, and adjusted for any cash transactions occurring after the reporting date.</p> <p>b) Valued based on the latest unit redemption price (bid price) supplied by general partners.</p> <p>Delisted assets are valued at nil.</p> <p>Suspended assets are valued at the latest bid price at the date of valuation.</p>	<p>Unobservable inputs -</p> <p>a) Private net asset statements supplied by general partners.</p> <p>b) Bid (redemption) prices supplied general partners.</p> <p>Zero valuation based on prudence.</p> <p>Observable inputs - latest quoted prices, classified as Level 3, based on prudence.</p>	<p>Valuations could be affected by material events occurring between the date of the net assets statement provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts.</p>
Freehold and leasehold properties	Freehold properties are valued at fair value at the year-end by CBRE independent valuers - in accordance with the RICS Valuation – Global Standards 2022 which incorporate the International Standards and the RICS Valuation – Professional Standards UK 2022 (revised November 2021) ("The Red Book").	Observable inputs - valuation certificates provided by RICS valuers.	Changes in rental growth, vacancy levels or discount rates could affect valuations.

Note 18a: Sensitivity of assets valued at level 3

The sensitivity of the assets valued at level 3 to potential changes in unobservable inputs is set out in the table below. The table reports the potential impact on the value of the assets if there were to be changes to the inputs at various percentages.

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2025	Potential value on increase	Potential value on decrease
			£'000	£'000
Pooled investments - hedge funds	+ or - 4.84%	166,268	174,315	158,221
Property funds	+or - 4.02%	524,051	545,118	502,984
Direct property	+or - 4.02%	94,200	97,987	90,413
Private equity	+or - 4.84%	2,858,165	2,996,500	2,719,830
Other assets	+or - 4.74%	80,688	84,513	76,863
Total		3,723,372	3,898,433	3,548,311

Note: The percentage values for the potential variation in fair value are based on the values from the Northern Trust performance report on investments at March 2025.

Asset type	Potential variation in fair value depending on valuation basis adopted	Values at 31 March 2024	Potential value on increase	Potential value on decrease
			£'000	£'000
Pooled investments - hedge funds	+ or - 13.96%	159,195	181,419	136,971
Property funds	+ or - 13.96%	558,324	636,266	480,382
Direct property	+ or - 13.96%	6,200	7,066	5,335
Private equity	+ or - 13.96%	2,566,804	2,925,130	2,208,478
Other assets	+ or - 3.45%	236,200	244,349	228,051
Total		3,526,723	3,994,229	3,059,217

Note: The percentage values for the potential variation in fair value are based on the values from the Northern Trust performance report on investments at March 2024.

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 and 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 assets 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 Assets Statement, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Note 18b: Valuation hierarchy

	Values at 31-March-2024				Values at 31-March-2025			
	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total £'000	Quoted market Price	Using observable inputs	With significant unobservable inputs	Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000		Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial assets								
Financial assets at fair value through profit & loss	14,329,982	525,236	3,520,523	18,375,741	14,983,176	367,415	3,629,172	18,979,763
Non financial assets at fair value through profit and loss								
Direct property	-	-	6,200	6,200	-	-	94,200	94,200
Total	14,329,982	525,236	3,526,723	18,381,941	14,983,176	367,415	3,723,372	19,073,963

Reconciliation of fair value measurements within level 3

2024/25	Value as 1 Apr £'000	Purchases £'000	Sales £'000	Reclassification * £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Value at 31 March £'000
Pooled investments - Hedge funds	159,195	6,000	(15,908)	-	41,676	(24,695)	166,268
Property funds	558,324	8,770	(47,985)	-	54,460	(49,518)	524,051
Direct property	6,200	91,713	-	-	(95,425)	91,712	94,200
Private equity	2,566,804	384,398	(330,078)	168,913	57,941	10,187	2,858,165
Other assets	236,200	29,526	(6,600)	(168,913)	(31,730)	22,205	80,688
Total	3,526,723	520,407	(400,571)	-	26,922	49,891	3,723,372

* Investment assets were reclassified during 2024/25 as a result of better information becoming available about the nature of the assets

2023/24	Value as 1 Apr £'000	Purchases £'000	Sales £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Value at 31 March £'000
Pooled investments - Hedge funds	144,000	10,000	(10,000)	-	15,195	159,195
Property funds	593,475	75,856	58,841	40,730	(210,578)	558,324
Direct property	6,125	-	-	-	75	6,200
Private equity	2,545,036	512,474	(107,194)	68,091	(451,602)	2,566,805
Other assets	114,202	171,705	(69,961)	(467)	20,721	236,200
Total	3,402,837	770,035	(128,314)	108,354	(626,189)	3,526,723

Note 19: Financial instruments – classification

The following table analyses the carrying value of the financial assets and liabilities by category and by net asset statement heading as at 31 March 2025. The table also includes Direct Property (non-financial instrument) for completeness.

	Values at 31-March-2024				Values at 31-March-2025			
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	As stated £'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets								
Bonds*	2,548,328	-	-	2,548,328	2,744,969	-	-	2,744,969
Equities	11,463,748	-	-	11,463,748	11,670,558	-	-	11,670,558
Bonds, Equities	14,012,076	-	-	14,012,076	14,415,527	-	-	14,415,527
Pooled funds equities	1,079,231	-	-	1,079,231	1,015,534	-	-	1,015,534
Pooled funds properties	558,324	-	-	558,324	524,051	-	-	524,051
Pooled funds hedge fund	159,306	-	-	159,306	166,486	-	-	166,486
Pooled funds private equities	1,301,658	-	-	1,301,658	1,549,319	-	-	1,549,319
Pooled funds private equity infrastructure	1,265,146	-	-	1,265,146	1,308,846	-	-	1,308,846
Pooled investment vehicles	4,363,665	-	-	4,363,665	4,564,236	-	-	4,564,236
Cash *	-	867,815	-	867,815	-	786,473	-	786,473
Other investment balances	-	86,310	-	86,310	-	80,586	-	80,586
Debtors	-	68,023	-	68,023	-	72,132	-	72,132
Total financial assets	18,375,741	1,022,148	-	19,397,889	18,979,763	939,191	-	19,918,954
Financial Liabilities								
Other investment balances	-	-	(3,048)	(3,048)	-	-	(5,729)	(5,729)
Creditors	-	-	(47,409)	(47,409)	-	-	(37,868)	(37,868)
Total financial liabilities	-	-	(50,457)	(50,457)	-	-	(43,597)	(43,597)
Total	18,375,741	1,022,148	(50,457)	19,347,432	18,979,763	939,191	(43,597)	19,875,357
Non-Financial instrument assets								
Direct Property	6,200	-	-	6,200	94,199	-	-	94,199
Total	18,381,941	1,022,148	(50,457)	19,353,632	19,073,962	939,191	(43,597)	19,969,556

*Investment assets in 2023/24 had been disaggregated to a greater level than is required by the Code. To bring the disclosure in line with the Code Index linked bonds have now been included with bonds and cash deposits and cash at bank combined as cash. In 2023/24 the value of index-linked securities was £998,698,000 and bonds was £1,549,630,000 and the value of cash deposits was £760,571,000 and cash at bank was £107,244,000.

Note 20: Current assets – debtors

2023/24 £'000		2024/25 £'000
	Debtors	
40,663	Contributions due from employees and employers	40,665
27,359	Other debtors	31,466
68,022	Total	72,131

All debtors are trade debtors with payments due within 12 months.

Note 21: Current liabilities – creditors

2023/24 £'000		2024/25 £'000
	Creditors	
(15,100)	Unpaid benefits	(17,901)
(32,309)	Other current liabilities	(19,966)
(47,409)	Total current liabilities	(37,867)

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 2024/25, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £606k in respect of support services provided (£604k in 2023/24). The support costs include a full year support for financial systems, 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 Section 5 of this report. Contributions owed by employers in respect of March 2025 payroll are included within the total debtors figures in Note 20.

Members

The Metropolitan Councils of Bradford, Leeds, Kirklees, Wakefield and Calderdale appoint a number of members to the Investment Advisory Panel, the Joint Advisory Group and the Local Pension Board. Six of these members are in receipt of pension benefits from the Fund.

Each of the members to the Investment Advisory Panel, the Joint Advisory Group and the Local Pension Board is required to declare any interests relevant to the matters being discussed at each meeting. There are eight members who had declared an interest for 2024/25, however there were no transactions in 2024/25 which are considered material. The following organisations are considered related parties due to such relationships.

YPO Procurement Holdings Ltd

Whitaker & Co Limited

MHM Trustee Services LTD

The Leeds United Foundation

Mosaic Church Limited

The Gorse Academies Trust

Leeds Heritage Theatres

Northern Pool Group (No.1) Limited

Creedborne Limited

LBFL Consultancy Ltd

There have been no material transactions between any member or their families and the pension fund. This was also the case for 2023/24.

Key management personnel

No senior officers responsible for the administration of the Fund have entered into any contract for the supply of goods or services to the Fund, other than their contract of employment with City of Bradford Metropolitan District Council. This was also the case for 2023/24.

Note 23: Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that its 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 Investment Strategy Statement, 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: <https://www.wypf.org.uk/wypf/wypf-documents-and-boards/>

The investment strategy is 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.

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.

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 asset holdings are spread across more than 800 UK companies, and almost 1,000 foreign 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 are controlled by the in-house investment management team through the setting of appropriate limits for exposure with any individual organisation.

The market risk is captured by changes in the market value of assets and this risk is measured by price risk, interest rate risk, currency risk, credit risk and liquidity risk. Sensitivity analysis of each type of market risk follows with the method of assumption.

a. 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. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

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 2024/25 reporting period.

Asset Type	Value as at 31 March 2025	Percentage change	Value on increase	Value on decrease
			£000	%
Bonds	2,744,969	(1.90)	2,692,815	2,797,123
Equities	11,670,558	4.84	12,235,413	11,105,703
Pooled funds equities	1,015,534	4.84	1,064,686	966,382
Pooled funds properties	524,051	4.02	545,118	502,984
Pooled funds hedge fund	166,486	4.84	174,544	158,428
Pooled funds private equities	1,549,319	4.84	1,624,306	1,474,332
Pooled funds private equity infrastructure	1,308,846	4.84	1,372,194	1,245,498
Direct property	94,200	4.02	97,987	90,413
Total Investment Assets	19,073,963		19,807,063	18,340,863

Asset Type	Value as at 31 March 2024	Percentage change	Value on increase	Value on decrease
			£000	%
UK bonds	1,925,960	8.61	2,091,785	1,760,135
Overseas bonds	622,368	8.61	675,954	568,782
UK equities	4,709,758	13.96	5,367,240	4,052,276
Overseas equities	6,753,991	13.96	7,696,848	5,811,134
Pooled funds UK equities	463,483	13.96	528,185	398,781
Pooled funds overseas Equities	615,748	13.96	701,706	529,790
Pooled funds UK properties	489,448	13.96	557,775	421,121
Pooled funds overseas properties	46,269	13.96	52,728	39,810
Pooled funds UK hedge fund	159,306	13.96	181,545	137,067
Pooled funds UK private equities	967,198	13.96	1,102,219	832,177
Pooled funds overseas private equities	357,067	13.96	406,914	307,220
Pooled funds UK private equity infrastructure	1,060,652	13.96	1,208,719	912,585
Pooled funds overseas private equity infrastructure	204,493	13.96	233,040	175,946
Direct property	6,200	13.96	7,066	5,334
Total Investment Assets	18,381,941		20,811,724	15,952,158

Note: Cash, other investment assets and other investments liabilities have been removed from the 2023/24 table as it has been determined in 2024/25 that these assets do not have a price risk, meaning no comparator is required.

b. 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 Fund 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 2024 and 31 March 2025 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

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 analysis that follows assumes 311 basis points (2023/24) and 261 basis points (2024/25) which indicates volatility in interest rates over a 12-month period and that the market is experiencing fluctuations due to factors such as economic conditions, inflation expectations and monetary policy changes. The effect in the year on the net assets available to pay benefits of a +/- 261 BPS change in interest rates.

Asset Type	Value as at 31 March 2024	Value on increase +311BPS	Value on decrease +311BPS	Value as at 31 March 2025	Value on increase +261BPS	Value on decrease +261BPS
	£000	£000	£000	£000	£000	£000
Bonds (excluding Index-linked bonds)	1,549,630	1,597,823	1,501,437	1,514,652	1,554,184	1,475,120
Cash*	867,815	894,804	840,826	786,473	807,000	765,946
Total	2,417,445	2,492,627	2,342,263	2,301,125	2,361,184	2,241,066

*Investment assets in 2023/24 had been disaggregated to a greater level than is required by the Code. To bring the disclosure in line with the Code Index linked bonds have now been included with bonds and cash deposits and cash at bank combined as cash. In 2023/24 the value of index-linked securities was £998,698,000 and bonds was £1,549,630,000 and the value of cash deposits was £760,571,000 and cash at bank was £107,244,000.

c. Currency rate 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 table summarises the Fund's currency exposure as at 31 March 2024 and 31 March 2025.

Currency rate risk - sensitivity analysis

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be 3.0%, (2023/24 3.0%). A 3.0% 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 31st March 2024	Value on increase 3.0%	Value on decrease 3.0%	Value as at 31 March 2025	Value on increase 3.0%	Value on decrease 3.0%
	£000	£000	£000	£000	£000	£000
Overseas bonds	622,368	641,039	603,697	611,166	629,501	592,831
Overseas equities	6,753,991	6,956,611	6,551,371	7,144,571	7,358,908	6,930,234
Pooled funds overseas equities	615,748	634,220	597,276	551,128	567,662	534,594
Pooled funds overseas properties	46,269	47,657	44,881	79,205	81,581	76,829
Pooled funds overseas private equities	357,067	367,779	346,355	302,166	311,231	293,101
Pooled funds overseas private equity infrastructure	204,493	210,628	198,358	224,803	231,547	218,059
Foreign currency cash deposits	100,089	103,092	97,087	69,269	71,347	67,191
Total overseas assets	8,700,025	8,961,026	8,439,025	8,982,308	9,251,777	8,712,839

d. 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.

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 our financial securities custodian on stock lending activities. Stock lending and the associated collateral at the year-end are detailed in Note 17b.

e. 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

The table below shows the undrawn commitments of the West Yorkshire Pension Fund at 31 March 2024 and 31 March 2025.

Asset class	Investment value at 31 March 2024	Undrawn commitments	Investment value at 31 March 2025	Undrawn commitments
	£000	£000	£000	£000
Private equity	2,566,804	1,352,631	2,858,165	1,492,359
Property funds	558,324	25,041	524,051	29,081
Total	3,125,128	1,377,672	3,382,216	1,521,440

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.

Note 25: Accounting Standards Issued, not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 25/26:

The following amendment does not apply as all foreign exchange held by the Fund is exchangeable.

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The following amendment does not apply as the Fund does not hold any insurance contracts.

IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

All the above accounting standards do not have an impact on the West Yorkshire Pension Fund.

Note 26: Investment Strategy Statement

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 this report and are available on the Fund's website.

<https://www.wypf.org.uk/wypf/wypf-documents-and-boards/>

SECTION – 6

GLOSSARY OF FINANCIAL TERMS

GLOSSARY OF FINANCIAL TERMS

ACCRUALS

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

ACTUARY

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

ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund's assets and liabilities on the Fund's financial position and recommended employers' contribution rates every 3 years reporting to the Council.

AMORTISATION

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

Impairment Allowance

An amount set aside to cover money owed to the Council where payment is considered doubtful.

BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the 'standard' Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard', and so on.

BILLING AUTHORITY

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

BUDGET

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

CAPITAL EXPENDITURE

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

CARRYING AMOUNT/CARRYING VALUE

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

GLOSSARY OF FINANCIAL TERM (continued)

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

CODE

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

COLLECTION FUND

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

COMMUNITY ASSETS

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

COMPONENTISATION

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

CONSUMER PRICE INDEX (CPI)

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

CONTINGENT ASSET

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

CONTINGENT LIABILITY

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

COUNCIL TAX

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

COUNCIL TAX BASE

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

CREDITORS

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

GLOSSARY OF FINANCIAL TERM (continued)

DEBTORS

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

DEDICATED SCHOOLS GRANT (DSG)

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION

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

DIRECT REVENUE FINANCING

Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES

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

EXIT PACKAGES

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

EXTERNAL AUDITOR

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Fovis Mazars.

FAIR VALUE

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

FINANCIAL YEAR

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

GENERAL FUND

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

GLOSSARY OF FINANCIAL TERM (continued)

HERITAGE ASSETS

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

HOUSING REVENUE ACCOUNT (HRA)

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

IMPAIRMENT

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

INVENTORIES

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

LEVIES

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

MINIMUM REVENUE PROVISION (MRP)

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

NATIONAL NON-DOMESTIC RATE (NNDR)

More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

GLOSSARY OF FINANCIAL TERM (continued)

NET BOOK VALUE

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

NON-CURRENT ASSETS

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

OPERATIONAL ASSETS

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

NON-OPERATIONAL ASSETS

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

OUTTURN

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

PENSION FUNDS

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

PENSION STRAIN

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

PRIVATE FINANCE INITIATIVE (PFI)

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PRECEPT

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

PROPERTY, PLANT AND EQUIPMENT (PPE)

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

GLOSSARY OF FINANCIAL TERM (continued)

PROVISION

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

PRUDENTIAL CODE

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

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

PUPIL PREMIUM GRANT

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

RATEABLE VALUE

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

RELEVANT POPULATION

The population of the London Borough of Waltham Forest, as determined by the Secretary of State, is used to determine the Council's share of Revenue Support Grant.

RETAIL PRICE INDEX (RPI)

The measure of inflation used prior to the adoption of CPI by the Government.

REVALUATION

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

REVENUE EXPENDITURE

The regular day to day running costs a Council incurs to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

REVENUE SUPPORT GRANT (RSG)

The general grant paid by the Government to local authorities to help finance their services.

GLOSSARY OF FINANCIAL TERM (continued)

SURPLUS ASSETS

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

USABLE CAPITAL RECEIPTS

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

ABBREVIATIONS USED IN THE ACCOUNTS:

BRS – Business Rate Supplement

CIPFA – Chartered Institute of Public Finance and Accountancy

CIES – Comprehensive Income and Expenditure Statement

CPI – Consumer Price Index

DSG – Dedicated Schools Grant

EIR – Effective Interest Rate

FRS – Financial Reporting Standard

HRA – Housing Revenue Account

IAS – International Accounting Standards

ISB – Individual Schools Budget

IFRS – International Financial Reporting Standards

MRR – Major Repairs Reserve

MiRS – Movement in Reserves Statement

NNDR – National Non-Domestic Rates

PFI – Private Finance Initiative

PPE – Property, Plant and Equipment

PWLB – Public Works Loan Board

REFCUS – Revenue Expenditure Funded From Capital Under Statute

RICS – Royal Institution of Chartered Surveyors

RPI – Retail Price Index

RSG – Revenue Support Grant