

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

AND

ANNUAL GOVERNANCE STATEMENT

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Introduction to the Council's Statement of Accounts

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

1. The Narrative Report

The Director of Finance's Report summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2016-17. The money spent by the Council and where the money comes from is shown in a series of charts. There is a distinction between revenue spending (the annual cost of providing services) and capital expenditure, which has a long-term benefit for the citizens of the Bradford District.

2. Movement in Reserves Statement

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

3. Comprehensive Income and Expenditure Statement

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

4. Balance Sheet

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

5. Cash Flow Statement

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

6. Statement of Significant Accounting Policies

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

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

7. Notes to the Main Financial Statements

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

8. Collection Fund Statement

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

9. The Group Accounts

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

10. The Pension Fund Account

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

11. Glossary of Terms

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

12. Annual Governance Statement

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

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City of Bradford Metropolitan District Council's Statement of Responsibilities

The Council is required to:

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

The Strategic Director - Corporate Services Responsibilities

The Strategic Director - Corporate Services 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 Strategic Director - Corporate Services has:

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

In addition he has issued:

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

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

Certification of the Statement of Accounts

I certify that this statement of accounts presents a true and fair view of the financial position of the Council at 31 March 2017 and its income and expenditure for the year then ended. I authorise for issue the 2016-17 Statement of Accounts.

Signed:

Stuart McKinnon-Evans
Strategic Director - Corporate Services
Date: 28 September 2017

Signed:

Cllr Michael Johnson
Chair of Governance and Audit Committee
Date: 28 September 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY OF BRADFORD
METROPOLITAN DISTRICT COUNCIL**

Opinion on the Council's financial statements

We have audited the financial statements of City of Bradford Metropolitan District Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund, and the related notes. 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 2016/17.

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 as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the City of Bradford Metropolitan District Council, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Strategic Director – Corporate Services and auditor

As explained more fully in the Statement of the Strategic Director – Corporate Services' Responsibilities, the Strategic Director – Corporate Services 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Strategic Director – Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of City of Bradford Metropolitan District Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Narrative Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the Annual Governance Statement does not comply with Delivering Good Governance in Local Government: Framework (2016);
- 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 the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Report on the Pension Fund financial statements

We have audited the West Yorkshire Pension Fund financial statements for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. 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 2016/17.

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 paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of City of Bradford Metropolitan District Council, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Strategic Director - Corporate Services and auditor

As explained more fully in the Statement of the Strategic Director – Corporate Services' Responsibilities, the Strategic Director - Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Strategic Director - Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Council's Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Pension Fund financial statements

In our opinion the Pension Fund's financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2017 and the amount and disposition of the fund's assets and liabilities as at 31 March 2017 other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Respective responsibilities of the Council and the auditor

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.

We are required under section 20 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.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required to conclude whether the Council has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General, we are satisfied that in all significant respects, City of Bradford Metropolitan District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the Comptroller and Auditor General.



Mark Kirkham

For and on behalf of Mazars LLP

Mazars House
Gelderd Road
Leeds
LS27 7JN

28 September 2017

The Narrative Report

Financial Highlights

Introduction

This Statement of Accounts provides comprehensive and detailed information about Bradford Council's financial results for 2016-17. This section contains the headlines, comments on the financial results and performance against the internal budget plan, and summarises how the Council's services measured up against non-financial targets for the year.

Two Financial Reporting Perspectives

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

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

The primary distinction between these two reporting approaches is that

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

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

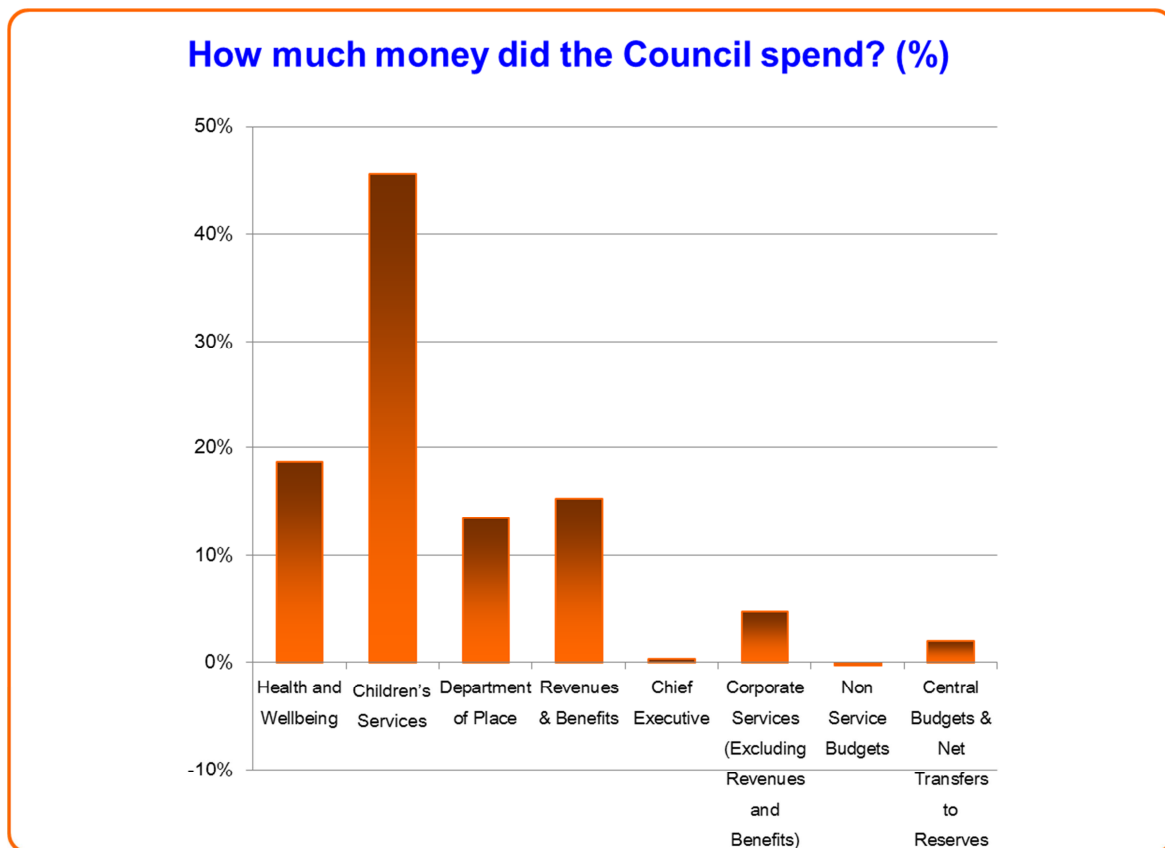
Headline Financial Results in Statement of Accounts

Comprehensive Income and Expenditure Statement

Gross revenue spending on services was £1.194bn, £110m less than in 2015/16, with net expenditure on services at £397m, down £57m from 2015/16. In addition to the implementation of the Council's budget reduction plan across all services, the main factors underlying these trends are:

- A £88m reduction in gross expenditure on Children's Services. £31m is due to higher reductions to the valuations of school buildings in 2015 compared to 2016. (A valuation is commissioned on all Council buildings and fluctuations in their value are shown in the Comprehensive Income and Expenditure account). £58m is because 37 schools have converted to academies which takes their expenditure outside the scope of the Council's accounts.
- A £13m reduction in gross expenditure in Corporate services, most of which is due to changes in the estimated values of the buildings used by the services.

The figure below shows the distribution of spending by service.



Sources of Income

Total income attributable to individual services was £797m, a reduction of £53m on the previous year, again, mainly reflecting academy conversions. In addition, £431m income not directly attributable to an individual service was received, down £6m on the year before, with Revenue Support Grant from Government contributing £23m of the reduction. Income from Council Tax and Business Rates (including the Top Up Grant) totalled £288m, £14m up on the previous year.

The overall financial result was adversely affected by two significant factors: first, the £127m loss to the Council's balance sheet of assets on disposal, principally school buildings on conversion to academy; and secondly an increase in the pension liability of £129.7m.

Net Financial Result

The resulting net deficit on the income and expenditure account is £249.9m, compared to £25.6m in 2015/16.

Service Performance

This section summarises impact of services financed by the expenditure, with focus on performance against the indicators of success the Council chose to measure itself against. For more detail, see the 2016/17 Finance and Performance Outturn Report presented to the Council's Executive of July 11 2017.

As mentioned previously, the Council Plan helps provide the framework for performance monitoring and reporting within the organisation and identifies 49 headline indicators to measure the Council's performance and productivity. This section provides additional detail on performance against those indicators for the year up to March 2017 with additional performance and activity data included in the Departmental commentaries in Section 3 of this report.

Depending on their data source, indicators can be reported monthly, quarterly, half yearly or annually. In some cases where validation is required the information may be for a historic period particularly information related to regional and national comparators and performance reports need to be viewed in the context of the current resource climate and looking ahead, future performance may be at risk from a range of adverse factors that vary from service to service

Of the 43 indicators that have targets, 22 are on target, 6 are within acceptable variance and 15 are below target.

Better Health, Better Lives

The Better Health Better Lives Outcome includes all services provided by Department of Health and Well Being, Children's Social Care and Sports and Leisure Services. Health and Well Being predominantly use the Adult Social Care Outcomes Framework (ASCOF) and the Public Health Outcomes Framework (PHOF) to help set priorities for care and support, measure progress and strengthen transparency and accountability.

Locally, these frameworks provide us with robust information, enabling us to monitor the success of local interventions in improving outcomes, and to identify our priorities for making improvements. They are a useful resource for our Health and Wellbeing Board which can use the information to inform strategic planning and a leadership role for local commissioning and is currently being used a crucial evidence for our new Home First Vision for Health and Well Being

Between 2015/16 and 2016/17 Bradford's Adult Social Care performance has shown an improved direction of travel in a number of areas including;

- proportion of adults with a mental health disability in paid employment has improved from 6.1% in 15/16 to 8% in 16/17, improving our regional ranking of 11 of 15.
- 73% of people receiving Adult Social Care Services say that they feel safe which is top 5 in the Region and 25th best from 152 councils with social services responsibilities.
- Our Social Care related Quality of Life score encompasses multiple ASCOF domains from questions in our Annual Adult Social Care Survey, and at 19.5 is one of the highest in the Region and 28th highest from 152 councils.
- Long-term support needs for older people met by admission to residential and nursing care homes - The best performance in Y&H and integral to the joint LA/NHS Better Care Fund
- Overall delayed transfers of care from hospital (3.4 in 15/16 down further to 3.0 in 16/17) and although performance worsened on delayed discharges directly related to social care (from 0.2 in 15/16 to 0.6 in 16/17) this still continues to be one of the best performers both regionally and nationally i.e overall delayed discharges were improved performance and those related to social care were reduced performance
- Proportion of people who use services who feel safe has stabilised at 73% for the two year period which is currently 5th best in region and 24th out of 125 councils in national rankings
- Proportion of adults with a Learning Disability who live independently is now at 89% from 86.3% which is one of the best performers in the region

However, there are also a number of areas of under performance and where performance on the previous year is down. These include;

- Proportion of people who use the service who have control over their daily life (reduce from 79.2%, 6th in Y&H rankings to 75.1% in 16/17)
- proportion of people using services who have as much social contact as they would like was 51% in 15/16 which was the 2nd best at a Regional level and 17th best nationally, but reduced slightly to 50.3% in 16/17
- Proportion of adults using social care receiving Direct Payments, has reduced from 17.5% to 16.7% and remains comparatively poor to regional and national comparators
- The effectiveness of re-ablement services has dropped down from 88.2% to 87.8%
- Proportion of service users who can access information and advice services a shown a very slight reduction and is down from 70.8% in 15/16 to 70% in 16/17 which is still low in comparable rankings.

In Children's Specialist Services performance in Child Protection provision all indicators are showing green or amber in RAG ratings. The percentage of Child Protection reviews carried out on time is consistently achieving the 99% target and is above both regional and national comparators of 92% and 94% respectively, as are indicators relating to Child Protection Conferences being held within targeted timescales (94% in Bradford compared to regional 75% and national 79%) and the percentage of Child Protection Plans lasting two years or more at the end of the year which are both at green.

A significant area of improvement has been the percentage of Child Protection cases which were visited every four weeks which has increased from 89% against a target of 95% in 15/16 to 95.11% and is now above the 95% target.

Other areas of social care services where performance is good include participation of Looked After Children (LAC) in their reviews (96% achieved against the 91% target) and the percentage of care leavers in Employment, Education and Training (currently 83.3% against a target of 81% for 19-21 year olds and 92% against target of 90% for 16-18 year olds).

Despite showing improvement on previous year's performance an area of concern in Specialist Services continues to be the health indicators for LAC. Only 87.5% against the target of 95% had an annual health assessment compared to regional 92% and national 90% comparators and only 90% of LAC against an internal target of 95% had their teeth checked by a dentist although this is still above regional and national comparators.

Additionally LAC visits carried out within agreed timescales (86% against 95% target) and the percentage of Personal Education Plans completed for LAC, which has varied in the year against the challenging 98% target, continue to be raised as

concerns at monthly performance meetings and in some cases are showing month on month improvements although still not achieving target.

Targets in the Council Plan in Public Health relate to successful completions of programmes for both drug and alcohol misuse with the aim of bringing them in line with National averages. Of the three performance indicators for these programmes, two are currently red and one is green.

- the proportion of people in drug treatment programmes for opiate substances who successfully completed treatment and did not re-present for support within 6 months, was 4.5% which is below the national average of 6.7%.
- the proportion of all people in alcohol treatment programmes who successfully completed treatment and did not re-present within 6 months was 36.6% which is slightly below the national average of 38%.
- the proportion of people in drug treatment programmes for non-opiate substances who successfully completed treatment and did not re-present for support within 6 months was 39.8% which is above the national average of 37.2%

Great Start, Good Schools

The Council Plan indicators in the priority Great Start Good Schools are primarily annual indicators related to the take up of Early Education across ages 2-4 year old and Early Years development.

The Council Plan targets are to increase the annual average of 2 year old children taking up Early Education in Bradford from 65% to the England aspirational target of 80%, 3 year old children from 90% to the England average of 93% and 4 year old children from 97% to the England average of 99%. The most recent information show that both 2 year old (71%) and 3 year old take up (93%) have increased but take up for 4 year olds has dropped to 94% which is in line with national and regional trends.

In order to be assured of the quality of provision in the Early Years sector, another key target in this outcome relates to the percentage of Children's Centres inspections which are rated good or outstanding. The target in the Council Plan is to ensure the percentage is higher than the Yorkshire and Humberside average of 70%. Bradford's performance is currently at 69% which is unlikely to change in the immediate future, with no inspections currently taking place as Ofsted are revising the inspection framework.

Other indicators in this Outcome aim to ensure that the percentage of children achieving a good level of development in Early Years Foundation Stage is in line with the national average of 69% and performance improved from 62% in 2015 to 66% last year. Additionally the percentage of Year1 pupils working at the expected standards in phonics improved by 5% to 79% in 2016, which is up from 74% in 2015 bringing Bradford closer to the national average of 81%.

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Better skills, more good jobs and a growing economy

In this outcome the number of new jobs created as a result of direct support from the Council is on track to meet the target of 155 by March 2018 with 118 being created by March 2017, the agreed timescales for processing of major planning applications is at 86% compared to the Council Plan target of 87% but is still above regional comparators, and the latest information has confirmed that the Gross Value Added is on target with that identified in the Council Plan of £9.5bn.

In total overall visitor numbers to Bradford Markets has dropped from 5.8m visitors in 2015/16 to 5.6m in 2016/17, below the Council Plan target of maintaining numbers at 5.8m. Since the beginning of the year both the Kirkgate and Keighley Markets have maintained footfall but Oastler Centre has seen a reduction in customers which can be attributed to the closure of the Morrisons supermarket at Westgate.

The total number of visits to museums is below that expected. This indicator is anticipated to be back on target when the launch/opening of Cliffe Castle Park following a major Lottery Fund project takes place in June with the consequent knock on effect on visitor numbers to Cliffe Castle museum, and the launch of two major exhibitions at Cartwright Hall along with the opening of the David Hockney exhibition in July 2017, take effect.

In terms of Housing, 184 homes have been delivered this year which is above the 2016/17 target and is therefore on track to deliver the overall target of having 750 additional affordable homes available by the end of 2017/18, as the Affordable Homes Programme will see delivery weighted to the end of the period. The number of private sector homes improved through Council intervention was 947 and therefore exceeded the 850 target in the Council Plan but the average length of stay in bed and breakfast is currently 11.8 nights which is currently above the target identified in the Council Plan of 9 and above the 2015/16 outturn figure of 9.4 nights.

Safe clean and active communities

In the Safe Clean and Active outcome the amount of kerbside recycling has increased in line with the Council Plan from 17,900 tonnes in 2015/16 to 20,200 tonnes in the current year, but the target to reduce the number of reported fly tipping incidents to below last years outturn of 8,574 has not been achieved with 9,030 incidents being reported in 2016/17. The overall percentage of missed bin collections is 0.15% which is above target of 0.13% but the trend is improving with the last quarter being reported as 0.12% and if continued will meet the Council Plan target.

The Council Plan includes targets related to people who agree that their local area is a place where people from different backgrounds can live harmoniously. When last reported in 2015/16, the figure was 62.6% which is 1.4% below the previous year and below the 65% target in the Council Plan which is the regional average. This will be re-measured in 2017/18 by the Police and Crime Commissioner survey and will be reported quarterly in the future.

A new indicator included in the Council Plan was to increase the number of people participating in community life/volunteering. This is being measured using the Citizens Panel and the recent Place Survey. 59% of respondents said they took part in volunteering activities but this figure needs treating with some caution as there was some evidence that the question was not fully understood and the Citizens Panel may represent a cohort that may be more engaged in community activities. Further work is being undertaken to ensure a more accurate representation of the indicator going forward.

As part of the drive to move services to be delivered in and by communities, and to transfer Council Assets to be managed by community organisations, a target was set to complete 30 Community Asset Transfers (CAT) by March 2018. At 31 March 2017, 29 had already been completed with the service likely to complete as many again in 2017/18.

Well Run Council

In the well run Council theme, the target to achieve the agreed specific financial savings has been underachieved with £37.8m (83%) of the targeted savings of £45.6m being delivered although overall the budget underspent by £0.3m. Despite significant targeted management action being taken, sickness is still above the 9.76 days target in the Council Plan, with the average number of days lost per employee due to sickness absence in 2016/17 at 11.33 days which is also slightly above last years outturn of 11.29 days.

The Council Plan also includes a new indicator re increasing resident's satisfaction with the Councils delivery of services by 10% by 2020. This was recently measured using the Citizens Panel and the recent Place Survey and at that time 39% of residents said they were satisfied which will now be used as a base line in determining performance for future reporting on this indicator.

The Council Plan also has specific targets regarding improving the collection rates for both Council Tax and Business Rates, 96% and 98% respectively. In 2016-17 Council Tax collection was 94% (0.2% down on 2015/16), but Business Rates collection increased in the current year to 97.1% compared to 96.9% in the previous year.

Balance Sheet

Net Worth

The Council started the year with £202m in usable reserves and an unusable reserves deficit of £244m, yielding a net negative worth of £42m. While usable reserves close £11m down at £191m, the position on unusable reserves has deteriorated further to a deficit of £483m, resulting in the Council having a negative net worth of £292m.

The main movements that make up the decrease of £250m in the Council's net worth were:

- a £125.9m decrease in long term assets
- a £10.8m increase in net current assets
- a £134.8m increase in long term liabilities

Long terms assets stand at £1,023m. The long term liabilities of £1,354m are dominated by three items:

- the pension liability of £830m. This long-term liability will be met by payment obligations estimated over more than twenty years (See below)
- the £178m contractual liabilities for schools PFI contracts. Over time these will be matched by Government funding which is not shown on the face of the balance sheet, due to the accounting rules.
- long-term borrowing from the Government's Public Works Loan Board of £322m.

Pension Liabilities

The net Pension Fund deficit comprises the estimated cost of promises by the Council to pay future pension benefits to employees less the assets set aside to fund these promises. The assets set aside typically comprise equities, bonds, cash and property. Overall, the net Pension Fund deficit increased by £130m from £700m to £830m as at 31 March 2017.

This increase of £130m was caused by an increase to the pension liabilities, of £402m, less an increase in the value of assets set aside to fund them of £272m. The increase in liabilities mainly relates to a £386m change derived from the estimation model used by the actuary to value liabilities at 31 March 2017. The increase of £272m in the assets set aside to fund them comprises a rise in asset values of £282m and other reductions of £10m. This is a long-range estimate and liability, in which the actuary takes a 20 years plus perspective of financial market performance and of the life expectancy of pension recipients.

Capital Spending

Capital Spending in 2016-17

The Council spent £61.5m in the year (£70.6m in 2015-16), and received £0.5m in donated heritage assets.

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

Major Capital Schemes Expenditure 2016-17		
Department and Schemes	Main Schemes £000	Total Spend £000
Health and Wellbeing		1,337
Children's Services		18,107
Primary Schools Expansion Programme	5,358	
Capital Maintenance Grant	5,121	
Schools direct revenue funding	2,277	
Devolved Formula Capital	2,816	
Place – Economy and Development Services		16,272
New Affordable Housing	5,859	
Temporary Housing – Clergy House/Jermyn Court	1,487	
Disabled Housing Facilities Grant	3,681	
Leeds City Region Revolving Investment Fund	1,657	
Place – Planning, Transport and Highways		14,608
Capital Highways Maintenance	4,887	
Road Infrastructure works	1,155	
Flood Funding	1,651	
Place - Other		7,137
Replacement of Vehicles	2,003	
Cliffe Castle	1,770	
Corporate Services		4,039
Property Programme	3,432	
Total		61,500

Where the money came from to pay for the spending on capital schemes in 2016-17

The Council can borrow to fund capital investment. It sets and observes a range of indicators covering the level of capital expenditure and the cost of financing it, to ensure borrowing is responsible and affordable. One such measure is the Council's Capital Financing Requirement, which represents the amount of Council's capital expenditure funded by internal or external borrowing. In 2016-17 it fell slightly from the level in 2015-16 of £665.655m to £653.419m. The Council's medium term strategy is to reduce the cost of borrowing in line with the Council's reduction in overall spend.

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

In 2016-17 the capital spending of £61.5m was funded as follows:

- £11.9m (20%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £38.8m (63%) from government and other grants.
- £4.3m (7%) from revenue contributions and other revenue reserves.

- £6.4m (10%) from capital receipts from the sale of land and buildings.
- £0.1m (0%) from other Finance Leases.

Schools

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

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

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

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

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

In 2016-17 37 schools converted to Academies, 23 of which were Community Schools and as at 1 April 2016, on the Council's Balance Sheet. Four Foundation Schools and two Voluntary Controlled Schools were included on the Council's Balance Sheet as at 1 April 2016. The other eight schools (Voluntary Aided, Voluntary Controlled and Trust) were not on the Council's Balance Sheet. In addition two Academy Schools constructed by the Council and on the Council's Balance Sheet as at 1 April 2016 have during the year completed long term leases. The value of these disposals was £126.2m. The Council is not recompensed for any of these disposals. The table below categorises all Bradford schools and sets out the current accounting treatment.

Type of school	2015-16	2016-17	Accounting Treatment
Community	91	68	On Balance Sheet
Special Schools	6	6	On Balance Sheet
Foundation	13	9	2 Church of England Off Balance Sheet, 7 owned by Governing Bodies On Balance Sheet
Voluntary Aided	29	24	Off Balance sheet
Voluntary Controlled	12	10	Off Balance sheet (with the exception of 3 VC schools the Council still holds the legal title)
Academies	35	72	Off Balance sheet
Trust	5	2	Off Balance sheet
TOTAL SCHOOLS	191	191	
Nurseries	7	7	On Balance Sheet

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 39.

Significant Provisions at 31 March 2017

The provisions total £20.362m at 31 March 2017 (£22.726m at 31 March 2016) and are included in Note 20 on page 54. They are split on the Balance Sheet between short term, (up to one year from the Balance Sheet date), and long term.

The significant movements in provision balances in year were as follows:

- The cost of planned future termination costs in 2017-18 and future years arising from the detailed saving proposals approved as part of the 2017-18 Budget has been assessed as £6.0m.
- The provision to cover the risk of day to day insurance losses has been reduced by £0.5m to £7.4m.
- The provision on personal property search fees is £0.1m.
- After charging £2.3m to the Council's provision for the outcome of successful appeals against the Valuation Office's 2010 Business Rates Valuation list, a further £2.1m has been set aside for outstanding appeals. This leaves Bradford's estimated share of lost Business Rates income as a result of appeals at 31 March 2017 at £5.8m.

Usable Reserves

Usable reserves total £191m at 31 March 2017, falling broadly into £166m reserves owned by the Council and £25m owned by community schools.

Council Reserves

The Council's policy is to earmark its reserves to fund one-off or transitional activity while reducing its recurrent cost base, to hold some reserves unallocated to support future budgets, to allocate some reserves for capital expenditure, and to hold some reserves as contingency.

£98m of earmarked reserves are set aside for future revenue and capital commitments.

£14m of unallocated reserves available to support future budget decisions, a very small financial cushion in the context of the very significant fiscal challenge ahead.

The Council has a General Fund balance of £11m, which is an operational contingency representing less than 1% of gross revenue spending.

£43m revenue and capital grants are held pending being spent on their specified purposes.

A detailed analysis of all the Reserves held by the Council is set out in Note 5, Page 43.

School Reserves

The balances of £25.2m comprise £9.6m held by schools and £15.6m held centrally for school contingencies. Of the £15.6m for school contingencies, £5.9m has been used straight away to fund the 2017-18 budget and £5.1m relates to schools that have converted to academies where the authority is in the process of transferring final balances to the new academies.

Unusable Reserves

Unusable reserves represent positive or negative value owned by taxpayers. They cannot be used to support operational revenue and capital activity, and are typically related to long-term assets and liabilities in the balance sheet. They stood at £483m deficit at the year end, and their key components are:

- £160m revaluation reserve, which arises because of upward changes in the value of balance sheet assets. This value can only be realised if assets are disposed
- £210m capital adjustment account, which reflects the timing differences between how assets are financed, and how they are charged for under accounting arrangements. This value will be released as those differences are eroded over the life of the individual assets.
- The Pensions reserve of £830m deficit, which mirrors the Pension Fund liability described above. It alone causes the unusable reserves in total to be in deficit.

Taxation

Council Tax

At 31 March 2017 the Council had collected 94.5% of the value of council tax bills for the year, (compared to 94.3% exactly at the same point last year).

After distributing in 2016-17 the opening surplus balance on the Council Tax Collection Fund, £3.1m, the Council Tax element of the Collection Fund ended the year £2.1m in credit. A surplus of £1.8m, Bradford's 85% share, is reported in the accounting statements.

Bradford's £1.8m surplus is just £0.2m less than the budgeted surplus that will be redistributed in 2017-18.

Business rates

As at 31 March 2017, the Council had collected 97.01%, compared to 96.9% at the same time last year.

Business Rates collected by Bradford Council are shared between itself, central government and the West Yorkshire Integrated Fire Authority. Any difference between what the Council forecast it would raise in Business Rates in 2016-17 (£128.5m) and what it has actually raised results in either a surplus or deficit on the Collection Fund.

A deficit of £11.9m was outturned, Bradford's share being £5.8m. A reason for the deficit was the impact of appeals against rateable values. Successful appeals require the Council to refund business rates for 2016-17 and in many cases prior years.

This deficit on the Business Rates Collection Fund was fully forecast when the 2017-18 budget was set. As a result, the deficit has already been budgeted for and there will be no additional pressure in future years.

Financial Performance and Budgetary Control

This section of the report explains financial performance from the statutory reporting perspective, which reflects the internal budgetary control accountabilities. A more comprehensive assessment of departmental spending is contained in the 2016/17 Finance and Performance Outturn Report presented to the Council's Executive of July 11 2017.

The Council underspent the approved net budget of £378m (£1.407bn gross expenditure), by £0.3m in line with previous forecasts. Despite the overall underspend, there are however a number of significant departmental budget variances.

In the tables below, we show the planned and budgeted results from two perspectives.

Table 1a shows spending by Department, reflecting the Council's internal management accountabilities. Budgets are allocated to Directors who are accountable for their departmental expenditure.

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

	Gross expenditure			Income			Net expenditure		
	Actual £m	Budget £m	Variance £m	Actual £m	Budget £m	Variance £m	Actual £m	Budget £m	Variance £m
Services to the public & businesses									
Health and Wellbeing	225.8	220.9	4.9	-98.3	-96.3	-2.0	127.4	124.6	2.9
Children's Services	552.2	544.0	8.2	-458.0	-453.3	-4.7	94.2	90.7	3.5
Department of Place	171.1	164.7	6.3	-65.4	-57.7	-7.7	105.6	107.0	-1.3
Revenues & Benefits	182.6	179.2	3.4	-179.0	-175.0	-4.0	3.6	4.2	-0.6
Total services to the public & businesses	1,131.6	1,108.8	22.8	-800.8	-782.4	-18.4	330.8	326.4	4.4
Support services and non service									
Chief Executive	4.7	4.9	-0.2	-0.1	-0.1	0.0	4.6	4.8	-0.2
Corporate Services (Excluding Revenues & Benefits)	82.6	85.7	-3.1	-45.1	-44.2	-0.9	37.6	41.5	-4.0
Non Service Budgets	127.6	128.8	-1.2	-45.3	-45.2	-0.1	82.3	83.6	-1.3
Total support services and non service	214.9	219.4	-4.5	-90.5	-89.5	-1.0	124.4	129.9	-5.4
Central Budgets & Net Transfers To Reserves*	74.8	79.0	-4.2	-152.3	-157.2	4.9	-77.5	-78.2	0.7
Total Council Spend	1,421.3	1,407.2	14.1	-1,043.6	-1,029.1	-14.5	377.7	378.0	-0.3

*Includes £2.8m of deferred expenditure

Table 1b shows spending by outcome to mirror the ambitions set out in the Council Plan. In spending their budgets, Directors undertake activities which help achieve outcomes. Typically a number of activities undertaken by different departments contribute to realising an outcome.

Table 1b: Budgeted and Actual Expenditure and Income (Council Plan)

	Gross expenditure			Income			Net expenditure		
	Actual £m	Budget £m	Variance £m	Actual £m	Budget £m	Variance £m	Actual £m	Budget £m	Variance £m
Council Plan Outcomes									
Better Health Better Lives	462.8	447.8	15.0	-267.4	-260.3	-7.0	195.4	187.4	8.0
Better Skills, More Good Jobs And A Growing Economy	126.7	121.0	5.7	-57.0	-49.6	-7.4	69.7	71.4	-1.7
Safe, Clean And Active Communities	73.9	74.6	-0.7	-22.7	-22.4	-0.3	51.2	52.3	-1.0
A Great Start And Good Schools For All Our Children	489.9	488.2	1.7	-461.3	-458.5	-2.9	28.6	29.8	-1.2
Decent Homes That People Can Afford To Live In	11.2	11.0	0.3	-5.5	-5.1	-0.4	5.8	5.9	-0.1
A Well Run Council	205.8	209.4	-3.6	-77.1	-75.7	-1.4	128.7	133.7	-5.0
Non Service, Fixed and Unallocated	50.9	55.1	-4.2	-152.6	-157.5	4.9	-101.7	-102.4	0.7
Total Council Spend	1,421.3	1,407.2	14.1	-1,043.6	-1,029.1	-14.5	377.7	378.0	-0.3

*Includes £2.8m of deferred expenditure

Service budgets and actuals include year end accounting adjustments for depreciation, impairment and pensions. They also include Facilities Management costs and budgets (utilities and repairs) which during the year are managed and controlled within Corporate Services. These affect Service's budgets and actual spend but have nil impact on the final service variances.

Source: The Council's ledger (SAP) as at 31 March 2017

The tables show that in aggregate the Council controlled spending within the overall net budget of £378m. However, there are significant variances from plan within that total.

- Children's Services overspent the £90.7m net expenditure budget (£544m Gross budget) by £3.5m. The overspend was largely attributable to:
 - Increases in the overall numbers of Looked after Children and Children in Permanent arrangements impacting on the cost of Purchased Placements (£1.9m overspend) and Fees and Allowances (£1.3m overspend).
 - The increases in the numbers of Looked After Children consequently resulted in not achieving the budget saving plan to reduce the number of Looked after Children causing a further £0.8m overspend.
 - Increases in the numbers of Looked After Children also resulted in the underachievement of a £0.6m budget savings plan to reduce the remaining number of Looked after Children in typically more expensive external purchased placements by placing them in in-house care.
- The overspend in Children's Social Care services is underpinned by a 9% increase in children coming into care. This rise is 23% nationally. Benchmarking data shows that Bradford has 61 Looked after Children per 10,000 Children 0 to 17 years, compared with a national average of 65 and statistical neighbour average of 74 per 10,000 Children 0 to 17 years.
- The Department of Health and Wellbeing (formerly Adult Services and Public Health) overspent the £124.6m net expenditure budget by £2.9m. The overspend was caused mainly by a £3.7m overspend within Adult Services comprising £3.9m on Purchased Care; a £1.2m underachievement of service user income, a £0.3m recurrent overspend on the BACES equipment service, £0.4m overspend on No Recourse to Public Funds, £0.3m on Deprivation of Liberty Safeguards (DOLS), offset by underspends of across the department.
- The overspends in Adults and Children's Social Care services linked to high demand outlined above were more than offset by underspends in other departments.

- Taking the outcome perspective (Table 1b), there was significant financial overshoot of £8m on Better Health Better Lives – and this reflects the nationally recognised concern of how to contain the costs of social care across all age groups. Conversely, the Well Run Council outcomes were associated with an underspend of £5m, with smaller underspends showing against the other outcome lines.

Financial Health of the Council

From the perspective of budgetary control, the Council performed well during 2016/17, delivering a small underspend against its approved plan. This was a good result against the backdrop of having delivered £173m savings between when austerity began in 2010 and the start of the year. Within that result, there were signals that it is difficult to contain the costs of social care for people of all ages, with the story of rising demand driven by demographic changes against constantly declining resources being true not only for Bradford but for most Councils across England. The Council's strong track record in delivering savings is a source of confidence, but the task remains of reconciling the expectation of citizens and clients, the requirement of the statutory framework we work in, and the available resources.

Overall the balance sheet weakened, mirroring a significant loss of assets, particularly as schools convert to academies, and the further increase in the pension liability. In fact, the pension liability is **the** dominant factor in the balance sheet in aggregate, but it should be seen in the context of a 20 years plus outlook. While cash and cash equivalents fell from £74m to £57m, the Council's working capital remains acceptable. Long-term borrowing increased to £322m (reflecting the first new loans taken out by the Council in December 2016, though interest rates on new loans are historically low, and the financing costs remain in tune with its Medium Term Financial Strategy).

2017/18 and Beyond

The Council's four year plan is underpinned by a financial plan that requires continuing reductions in the real cost of services, reflecting the decline and likely eventual disappearance of central Government Revenue Support Grant by 2020/21. This financial plan requires stringent and consistent cost control, which in the first half of 2017/18 continues to prove particularly challenging in respect of reducing the demand for and cost of social care for people of all ages. Alongside cost control, the Council's long-term financial health will depend on the buoyancy of the Council Tax and Business Rate yields. Our strategic priorities of improving transport connectivity and raising educational achievement, which underpin many of the Council's desired outcomes, are key factors in creating more and better jobs. They are also pivotal to the longer term prosperity of the Council. Our capacity to pursue these growth and prosperity goals is, in turn, dependant on our ability to manage the costs of social care. More generally, economic fortunes will be affected by Brexit, with direct and indirect impact on our tax bases and demand for services. The future of social care – how it should be financed and organised, and how it works alongside health care – must now be a burning concern for central government, with consequences for local government's financial prospects. The outcome of these factors in the Council's financial environment are unpredictable so in the short to medium term the primary financial challenges remain cost control, income growth where practicable, and prudent reserves management.

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that are real cash) and other non cash reserves. The closing 31 March 2017 General Fund Balance of £36.020m comprises £10.803m (£10.803m in 2015-16) balances generally available to the Council and £25.217m (£33.803m in 2015-16) cash balances held on behalf of schools under the Local Management Scheme.

The deficit on the Provision of Services line of £150.476m (deficit of £85.336m in 2015-16) within the Income and Expenditure account is reversed out of usable reserves into unusable reserves. This is because by statute many of the accounting transactions making up the deficit cannot be charged against the General Fund Account. Unusable reserves have reduced by £238.921m (reduction of £9.922m in 2015-16).

			General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
			Note 4	Note 4	Note 4	Note 4	Note 4 & Balance Sheet	Note 21 & Balance Sheet	Note 21 & Balance Sheet
			a	b	c	D	e	f	G
							(a+b+c+d)		(e+f)
			£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015	i	a+h	49,159	134,993	1,770	32,077	217,999	-234,520	-16,521
Movement in reserves during 2015-16									
Surplus/ (deficit) on provision of services (page 22)	j		-85,336	0	0	0	-85,336	0	-85,336
Other Comprehensive Income and Expenditure (page 22)	k		0	0	0	0	0	59,703	59,703
Total Comprehensive Income and Expenditure (page 22)	l	J+k	-85,336	0	0	0	-85,336	59,703	-25,633
Adjustments between accounting basis & funding basis under regulations (note 4)	m		68,968	0	3,078	-2,421	69,625	-69,625	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves	n	I+m	-16,368	0	3,078	-2,421	-15,711	-9,922	-25,633
Transfers to/from Earmarked Reserves (Note 5, p43)	o		11,815	-11,815	0	0	0	0	0
Increase/Decrease(-) in 2015-16	p	n+o	-4,553	-11,815	3,078	-2,421	-15,711	-9,922	-25,633
Balance at 31 March 2016	q	i+p	44,606	123,178	4,848	29,656	202,288	-244,442	-42,154
Movement in reserves during 2016-17									
Surplus/ (deficit) on provision of services (page 22)	j		-150,476				-150,476		-150,476
Other Comprehensive Income and Expenditure (page 22)	k		0					-99,416	-99,416
Total Comprehensive Income and Expenditure (page 22)	l	J+k	-150,476				-150,476	-99,416	-249,892
Adjustments between accounting basis & funding basis under regulations (note 4)	m		135,734		-1,182	4,953	139,505	-139,505	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves	n	I+m	-14,742		-1,182	4,953	-10,971	-238,921	-249,892
Transfers to/from Earmarked Reserves (Note 5, p43)	o		6,156	-6,156	0	0	0	0	0
Increase/Decrease(-) in 2016-17	p	n+o	-8,586	-6,156	-1,182	4,953	-10,971	-238,921	-249,892
Balance at 31 March 2017	q	i+p	36,020	117,022	3,666	34,609	191,317	-483,363	-292,046

Comprehensive Income and Expenditure Statement

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

2015-16	2015-16	2015-16		2016-17	2016-17	2016-17
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
Restated	Restated	Restated				
£000	£000	£000		£000	£000	£000
223,030	-96,824	126,206	Health and Wellbeing	223,540	-96,924	126,616
633,553	-511,504	122,049	Children's Services	545,347	-454,654	90,693
158,744	-49,600	109,144	Department of Place	160,439	-55,252	105,187
188,133	-182,379	5,754	Revenues & Benefits	182,561	-178,760	3,801
5,074	-121	4,953	Chief Executive	4,715	-100	4,615
69,351	-8,189	61,162	Corporate Services (Excluding Revenues and Benefits)	56,536	-9,669	46,867
2,864	-1,436	1,428	Non Service Budgets	-2,692	-1,821	-4,513
23,916	135	24,051	Central Budgets & Net Transfers to Reserves	23,981	135	24,116
1,304,665	-849,918	454,747	Cost of services	1,194,427	-797,045	397,382
		6,514	Other Operating Expenditure (Note 8a)			128,627
		60,955	Financing and Investment income and expenditure (Note 8b)			55,060
		-436,880	Taxation and non-specific grant income (Note 8c)			-430,593
		85,336	Surplus (-) /Deficit on Provision of Services			150,476
		8,743	Surplus (-)/Deficit on revaluation of non current assets			-4,580
		-68,446	Re-measurements of the net defined benefit liability			103,996
		-59,703	Other Comprehensive Income and Expenditure			99,416
		25,633	Total Comprehensive Income and Expenditure			249,892

Balance Sheet

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

31 March 2016		31 March 2017	Notes
£000		£000	
1,063,943	Property, Plant and Equipment	935,181	Note 9
36,261	Heritage Assets	36,867	Note 12
45,734	Investment Property	48,604	Note 13
1,460	Intangible assets	785	Note 14
1	Long term investment	1	Note 16
1,433	Long term debtors	1,484	Note 17
1,148,832	Long Term Assets	1,022,922	
7,238	Short Term Investments	21,025	Note 18
652	Assets Held for sale	491	Note 19
2,237	Inventories	1,909	Note 18
77,070	Short Term Debtors	74,560	Note 18
74,038	Cash and Cash Equivalents	56,253	Note 18
161,235	Current assets	154,238	
-3,523	Cash and Cash Equivalents (Overdraft)	-7,042	Note 18
-29,486	Short term borrowing	-13,623	Note 18
-91,032	Short Term Creditors	-85,123	Note 18
-9,383	Provisions	-9,791	Note 20
-133,424	Current Liabilities	-115,579	
-13,343	Provisions	-10,571	Note 20
-306,127	Long term borrowing	-322,409	Note 47c
-891,280	Other Long Term liabilities	-1,012,286	Note 39
-8,047	Capital Grants Receipts in Advance	-8,361	Note 45
-1,218,797	Long Term Liabilities	-1,353,627	
-42,154	Net Liabilities	-292,046	
-202,288	Usable Reserves	-191,317	Note 5
244,442	Unusable Reserves	483,363	Note 21
42,154	Total Reserves	292,046	

The total assets less liabilities of the Council are financed by movements in reserves. There was a reduction in total reserves of £249.892m from a deficit of £42.154m at 31 March 2016 to a deficit of £292.046m at 31 March 2017.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council i.e. fees and charges. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2015-16		2016-17
£000		£000
85,336	Net (surplus) or deficit on the provision of services (Comprehensive Income and Expenditure Statement page 22)	150,476
-178,358	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	-232,423
44,640	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22 d)	43,970
35,537	Interest and dividends received and paid ((Note 22 d)	37,186
-12,845	Net cash flows from Operating Activities (Note 22 a)	-791
-30,701	Investing Activities (Note 22 b)	19,900
67,988	Financing Activities (Note 22 c)	2,195
24,442	Net (increase) or decrease in cash and cash equivalents	21,304
	Balance Sheet Movement	
94,957	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet page 23: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	70,515
70,515	Cash and cash equivalents at the end of the reporting period (Note 18, page 52) (Balance Sheet page 23: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	49,211
24,442	Net (increase) or decrease in cash and cash equivalents	21,304

Note 1. Statement of Significant Accounting Policies

The following notes are provided to give more detailed analysis in support of the main financial statements. They include all the information authorities are required to disclose except that for this Council the following disclosure requirements are not relevant for the 2016-17 Statement of Accounts:

- Schemes under the Transport Act 2000 (road user charging and workplace parking levy schemes): The Council has not entered into any such activities.
- Business Improvement District (BID) schemes: No such schemes have been established by the Council.
- Changes in depreciation method: There has been no change to the way fixed assets are depreciated.
- Changes in the basis of amortisation of intangibles: There has been no change to the way in which intangible assets are amortised.
- Analysis of net assets used by General Fund services, Housing Revenue Account (HRA) Services and trading services: The Council has no HRA and none of its trading services uses a material level of the overall net assets.

The accounts have been prepared in accordance with:

- The Accounts and Audit Regulations 2015.
- The Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as adopted and adapted by the Code.

Fundamental Accounting Principles

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

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

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

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

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

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

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

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

i. Accruals of Income and Expenditure

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

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

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

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

ii. Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts, but in the balance sheet these are shown gross.

iii. Exceptional Items

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

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

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

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

v. Charges to Revenue for Non – Current Assets

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

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment (before the normal retirement date) or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to individual Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an employee or is making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the actual amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated

according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

- The Local Government Pensions Scheme, administered by Bradford Council on behalf of the West Yorkshire Pension Fund.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

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

The Local Government Pension Scheme

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

- The liabilities of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and any other relevant factors, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond. The discount rate adopted by the Actuary is based on a weighted average of "spot yield" on AA rated corporate bonds.
- The assets of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet (netted from the overall pension liability) at their fair value:
 - quoted securities – current bid price.
 - unquoted securities – professional estimate.
 - unitised securities – current bid price.
 - property – market value.

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

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

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

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

The difference between the value of the pension fund assets calculated by the actuary and the present value of scheme liabilities is shown in Note 21d relating to the Pension Reserve, see page 58.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the

Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Local Government Pension Scheme members retiring on or after 6 April 2006 can elect to take a higher lump sum in exchange for a lower retirement benefit. The commutation terms mean that it is less costly for the scheme to provide the lump sum than the pension, as more members take up this option, employers' pension costs are reduced. At its inception it was assumed that 50% of members will take up the option to increase their lump sum to the maximum available. However, the 2016-17 figures are based on actual take-up levels up to 31 March 2017.

Teachers' Pensions

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

Discretionary Benefits

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

vii. Events After the Balance Sheet Date

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

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

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

viii. Financial Instruments

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

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They can be classified either as *financial liabilities at amortised cost* or as *financial liabilities through profit and loss*.

Those classified as *financial liabilities at amortised cost* 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 for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Where premiums and discounts have been charged to the 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, or ten years (if shorter). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in active market.
- Available-for-sale financial assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

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

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.

Available-for-Sale Financial Assets

Available-for-sale financial assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.
- Equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where there is a gain or loss in fair value on Available for Sale Financial Assets, this change is shown separately within Other Comprehensive Income and Expenditure in the Income and Expenditure Account, under the heading "Gains and Losses reclassifiable into the Surplus or Deficit on the Provision of Service". Changes in fair value on Available for Sale Financial Assets can be subsequently recognised in the Surplus or Deficit on Provision of Service on derecognition.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

ix. Foreign Currency Translation

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

x. Government Grants and Contributions

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

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

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

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

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

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

Some grants credited to the grant earmarked reserves will be used for a capital purpose. In these instances, they will be transferred directly to the Capital Adjustment Account via the Movement in Reserves Statement as an adjustment between accounting basis and funding basis under regulations. This will have no impact on the net assets of the Council.

Prior to the implementation of the above policy, some grants may have been credited to the capital grants unapplied reserve when they can be used for either a revenue or capital purpose. Where this has happened and grants have previously been credited to the capital grants unapplied reserve but are then identified as resourcing for a revenue purpose within the rules of the grants, they will be transferred directly via the Movement in Reserves from the capital grants unapplied reserve and into the grant earmarked reserve.

xi. Heritage Assets

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

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

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

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii. Interests in Companies and Other Entities

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

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

xiv. Inventories and Long term Contracts

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

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

xv. Investment Property

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

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

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

xvi. Joint Arrangements

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

Joint arrangements may also mean items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint arrangement does not involve the establishment of a separate entity. The Council accounts for only its share of the joint arrangements, the liabilities and

expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint arrangement and income that it earns from the arrangement.

xvii. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received).
- finance charge (debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement).

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

Operating leases

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

The Council as Lessor

Finance Leases

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (for example, there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).
- Community assets – the Council values community assets at current value, with the exception of one asset, which is valued (£20.40m) at historical cost.
- Surplus assets – fair value, estimated at highest and best use, determined from the perspective of market participants.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

Component Accounting

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

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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for all Property, Plant and Equipment assets by the systemic allocation of their depreciable amounts. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – depreciated over 3 to 7 years as appropriate.
- Infrastructure – straight-line allocation over 30 years.

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

xix. Private Finance Initiative (PFI) and Similar Contracts

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

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure. These reserves are classed as usable reserves and itemised in Note 5 on page 43.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits. These reserves are classed as unusable reserves and explained in Note 21 on page 56.

xxii Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

xxiii. Value Added Tax (VAT)

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

xxiv. Partnership Arrangements

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

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

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

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

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

As part of directly receiving a share of NNDR rates, the Council will also incur a share of the loss for repayments arising from appeals against NNDR valuations, which can be backdated to years prior to 1 April 2013. The Council has taken up a right allowed by statute to charge this cost to the Comprehensive Income and Expenditure Statement over a period of 5 years, starting in 2015-16.

xxvi. Acquired and Discontinued Operations

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

XXvii. Fair value measurement

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

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

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

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

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

Note 2. Prior Period Adjustments

The "Telling the Story" changes to the CIPFA Code of Practice on Local Authority Accounting 2016/17 required the Comprehensive Income and Expenditure to be presented in the Council's reporting format, rather than a standard format. The 2015-16 Comprehensive Income and Expenditure Account has been restated so that it is also presented in the Council's reporting format. Where relevant and for the same reason, disclosure notes for the 2015-16 Comprehensive Income and Expenditure Account have also been restated – namely the Financing and Investment Note and the Trading Services Note. These restatements are changes in presentation only, rather than caused by errors.

2015-16	2015-16	2015-16		2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure Restated	Gross Income Restated	Net Expenditure Restated	Gross Expenditure Increase / (Decrease)	Gross Income Increase / (Decrease)	Net Expenditure Increase / (Decrease)
£000	£000	£000		£000	£000	£000	£000	£000	£000
6,940	-5,422	1,518	Central Services to the Public				-6,940	5,422	-1,518
34,613	-13,347	21,266	Planning and Development Services				-34,613	13,347	-21,266
46,523	-17,546	28,977	Cultural and Related Services				-46,523	17,546	-28,977
55,251	-11,470	43,781	Environmental and Regulatory Services				-55,251	11,470	-43,781
666,448	-516,278	150,170	Education & Children's Services				-666,448	516,278	-150,170
56,536	-9,181	47,355	Highways & Transport Services				-56,536	9,181	-47,355
202,567	-179,890	22,677	Housing Services				-202,567	179,890	-22,677
179,933	-55,681	124,252	Adult Social Care				-179,933	55,681	-124,252
8,927	-182	8,745	Corporate & Democratic Core				-8,927	182	-8,745
42,628	-41,792	836	Public Health				-42,628	41,792	-836
3,613	-133	3,480	Non Distributed Costs				-3,613	133	-3,480
			Health and Wellbeing	223,030	-96,824	126,206	223,030	-96,824	126,206
			Children's Services	633,553	-511,504	122,049	633,553	-511,504	122,049
			Department of Place	158,744	-49,600	109,144	158,744	-49,600	109,144
			Revenues & Benefits	188,133	-182,379	5,754	188,133	-182,379	5,754
			Chief Executive	5,074	-121	4,953	5,074	-121	4,953
			Corporate Services (Excluding Revenues and Benefits)	69,351	-8,189	61,162	69,351	-8,189	61,162
			Non Service Budgets	2,864	-1,436	1,428	2,864	-1,436	1,428
			Central Budgets & Net Transfers to Reserves	23,916	135	24,051	23,916	135	24,051
1,303,979	-850,922	453,057	Cost of services	1,304,665	-849,918	454,747	686	1,004	1,690
		6,514	Other Operating Expenditure (Note 8a)			6,514			0
		62,645	Financing and Investment income and expenditure (Note 8b)			60,955			-1,690
		-436,880	Taxation and non-specific grant income (Note 8c)			-436,880			0
		85,336	Surplus (-) /Deficit on Provision of Services			85,336			0
		8,743	Surplus (-)/Deficit on revaluation of non current assets			8,743			0
		-68,446	Re-measurements of the net defined benefit liability			-68,446			0
		-59,703	Other Comprehensive Income and Expenditure			-59,703			0
		25,633	Total Comprehensive Income and Expenditure			25,633			0

The Financing and Investment Note 13, p50 Statement was restated for "Telling the Story" changes to the CIPFA Code of Practice on Local Authority Accounting 2016/17, see the the table below:

2015-16 £000		2015-16 £000 Restated	2015-16 £000 Change
-2,302	Rental income from investment property	-2,302	0
-58	Other income (service and other charges)	-58	0
	Direct operating expenses:		
275	Repairs & maintenance	275	0
539	Management expenses	190	-349
-1,546	Net (gain)	-1,895	-349

Financing and Investment Income and Expenditure

Note 8, p45 was restated for "Telling the Story" changes to the CIPFA Code of Practice on Local Authority Accounting 2016/17, see the table below:

2015-16 £000	Financing and Investment Income and Expenditure	2015-16 £000 Restated	2015-16 £000 Decrease
39,043	Interest payable and similar charges (see table b2 below)	39,043	0
22,626	Net Interest on the Pension net defined benefit liability/(asset)	22,626	0
-683	Interest receivable and other income	-683	0
-216	Income and expenditure in relation to investment properties and changes in their fair value	-565	-349
-698	Other investment income	-698	0
2,573	Net Deficit on Trading Accounts	335	-2,238
62,645	Total	60,058	-2,587

The Trading Services Note 25, p66, was restated for a change in accounting standards, see the the table below:

Trading Services Surplus (-) / Deficit			
2015-16 Surplus (-) /Deficit £000	2015-16 Surplus (-) /Deficit £000 Restated	2015-16 Surplus (-) /Deficit £000 Increase	
1,342	School & welfare catering	-384	-1,726
296	Other catering	164	-132
935	Building cleaning	1,452	517
2,573	Total	1,232	-1,341

Trading Services Included in Net Cost of Services			
2015-16 Surplus (-) /Deficit £000	2015-16 Surplus (-) /Deficit £000 Restated	2015-16 Surplus (-) /Deficit £000 Increase	
228	Markets	-247	-475
-4,309	Car parks	-4,425	-116
-168	Trade refuse	-208	-40
-4,249	Total	-4,880	-631

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

Accounting Standards Issued, not yet adopted

IFRS 9 Financial instruments: this new standard replaces IAS 39 from 2018/19 and changes the approach to financial assets and accounting for impairments; its impact is unlikely to be material

IFRS 15 Revenue from contracts: this new standard replaces IAS 18 from 2018/19 and aims to standardise practices around recognition of revenue from contracts; its impact is unlikely to be material

IFRS 16 Leases: this new standard replaces IAS 17 from 2019/20 and establishes a new model for lessees; its impact may be material given the value of the Council's leases

Critical Judgements in applying Accounting Policies

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

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

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

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

The Council has judged that when it has committed to a redundancy in writing by the end of the financial year, the costs to the Council of the redundancy are either accrued, if the person has left the Council by 31 March 2017, or included in a provision. A judgement has also been made about whether to include a provision for planned future redundancies, even when the Council is not committed to these. The tests are whether there is a high expectation and likelihood that the redundancies are carried out and that there is a detailed plan for redundancies.

The Council has made judgements about what other provisions should be made in the accounts and the amounts to be set aside. The Council has included provisions where the Council has a commitment at the financial year end to incur expenditure. The amount of the provision is based on an estimate of the commitment incurred using the evidence available, which is then discounted. In particular a provision was required in 2016-17 for the estimated costs of repaying Business Rates, following successful appeals. A provision for bad debts is also included based on the expectation of the Council receiving payment.

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

There is also discretion and debate within current accounting standards 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 (84 in total). All other schools (33) are vested in founding trusts controlled by religious or charitable bodies. Ownership of these schools is not recognised by the Council as there is no past transaction or event giving the Council control of these properties; rights to continuing use of the assets, or to the benefits associated with them. This is entirely dependent on the ongoing and future goodwill of the owner which could take back the asset at any time. However, the costs of providing actual education services from such establishments and the revenues arising are recognised as service costs under net cost of services.

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

The Council has made judgements about how the Building Schools for the Future (BSF) Phase 2 schools were initially recognised on the Council Balance Sheet. Three mainstream Secondary Schools were handed over to the Council along with three co-located Special Education Secondary Schools on the sites. The Private Finance Initiative (PFI) contract does not separate out the construction costs for the Secondary Schools and the Special Schools and a judgement was made to recognise the schools initially on a 50:50 split based on the construction costs included in the PFI contract. This approach was taken as the PFI assets were to be revalued once they had been handed over to the Council and the value in the accounts as at 31 March 2017 is the revalued amount for assets that remain on the Balance Sheet.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether the Council will be able to maintain an adequate level of spend on repairs and maintenance, which could affect the useful lives of certain assets.	If the useful life of assets is for example reduced, depreciation increases and the carrying amount of the asset falls.
Provisions	<p>The Council has a provision of £5.976m for termination costs arising from redundancies anticipated in the budget. An estimate has been made of these costs based on the anticipated number of redundancies and an average cost.</p> <p>The Council also has a provision of £7.363m at 31 March 2017 (£7.831m at 31 March 2016) for insurance claims which it has chosen to self insure (all claims under £120,000). The insurance provision has been rigorously reviewed over the last two years and is now considered to be at an adequate level to meet all expected claims.</p> <p>In addition, the Council has a provision of £5.782m at 31 March 2017 (£5.997m at 31 March 2016) for the Council's share of Business Rate Appeals. New funding arrangements now mean that the Council receives 49% of the Business Rates it collects, instead of a redistribution from the government. The provision has been estimated by analysing all appeals to date by category as well as reviewing the rate of success.</p> <p>Under IFRS, provisions must be split between short term (up to one year) and long term (over one year). It is not possible to accurately determine when various claims, which may be subject to litigation, will be paid and therefore the analysis of the overall provision between long and short term is an approximate estimate.</p>	<p>An increase or decrease in the cost of redundancy would have a proportionate impact on the provision required.</p> <p>If the insurance provision is not adequate, which is considered very unlikely, extra funds would have to be found from available reserves or from in year savings.</p> <p>If the Business Rate appeals provision is not adequate, additional funds would be required from reserves or in year savings.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Aon Hewitt Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.	An incorrect allocation of the provision between short term and long term will not change the net worth of the Balance Sheet, or impact on the Council's cash levels. It will either over or understate current or long term liabilities, where short and long term provisions are respectively included.
Pensions Liability	The Council incorporated the impact on the pension liability of Academy conversions in 2016-2017.	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 £47.656m – a decrease from £2,702.567m to £2,654.911m.
Arrears	At 31 March 2017, the Council had a balance of debtors and prepayments of £100.8m, a decrease of £2.9m compared to the 31 March 2016 figure of £103.7m. A review of significant balances suggested that a minimum impairment of debts of 15% was appropriate for balances aged at least one year, given the current economic climate, but higher levels than this have been included where appropriate.	The impact on the Comprehensive Income and Expenditure account is to recognise a settlement cost of £7.963M. The impact on the balance sheet position is a reduction in the disclosed deficit as at 31 March 2017.
Leases	Under IFRS, all leases must firstly be split into either finance or operating leases, and then into land and buildings. The Council has over 3,000 individual leases, most of which are for relatively small amounts. The Council does not have sufficient	If collection rates were to deteriorate, this would increase the amount of the impairment of doubtful debts.

<p>Fair value measurements</p>	<p>valuation staff to review all leases, and the resulting information would not justify the cost. The main assumptions which have been made are:</p> <p>Split between finance and operating lease:</p> <ul style="list-style-type: none"> • A lease where the lease term is less than 75% of the economic life of the asset will be assumed to be an operating lease. • A lease where the real (i.e. present) value of the minimum lease payments is less than 80% of the asset value, is classed as an operating lease. <p>There are approximately 40 equipment leases which have a value over £10,000 over the life of the lease which will be reviewed. Those under £10,000 will not be reviewed.</p> <p>When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine the fair value (for example for investment properties the Council's chief valuation officer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 9, 13 and 47.</p>	<p>The effect of making an incorrect classification between finance and operating leases is not considered material. The effect of not undertaking a separation of land and buildings for all relevant leases is also not considered material. Many leases are for land only, for which assessment will be relatively easy.</p> <p>The methods used to arrive at the fair value of surplus and investment properties are described in notes 10 and 13. They are based on observable data.</p> <p>The method used to measure the fair value of Investments is described in Note 47.</p>
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Note 4. Adjustments between accounting basis and funding basis under Regulations 2016-17

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

2015-16				2016-17				
Useable Reserves			Movement in Unusable Reserves	Adjustment between Accounting Basis and Funding Basis Under Regulation	Useable Reserves			Movement in Unusable Reserves
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied			General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
£000	£000	£000	£000		£000	£000	£000	£000
				Adjustments primarily involving the Capital Adjustment Account:				
				Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
40,442	0	0	-40,442	Charges for depreciation and impairment of non current assets	35,763			-35,763
48,672	0	0	-48,672	Revaluation losses on property, plant and equipment	15,991			-15,991
1,759	0	0	-1,759	Movements in the market value of Investment Properties	-3,387			3,387
2,614	0	0	-2,614	Amortisation of intangible assets	991			-991
-16,442	0	0	16,442	Capital grants and contributions applied	-15,949			15,949
8,854	0	-3,111	-5,743	Revenue expenditure funded from capital under statute (REFCUS)	6,651		-3,792	-2,859
				Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				
13,003	0	0	-13,003		131,788			-131,788
-329	0	0	329	Donated Assets	-500			500
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
0	0	0	0					
-32,162	0	0	32,162	Statutory provision for the financing of capital investment	-24,376			24,376
-6,706	0	0	6,706	Capital expenditure charged against the General Fund	-4,306			4,306
				Adjustments primarily involving the Capital Grants Unapplied Account:				
-20,006	0	20,006	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-22,737		22,737	0
0	0	-19,316	19,316	Application of grants to capital financing transferred to the Capital Adjustment Account			-13,992	13,992
				Adjustments primarily involving the Capital Receipts Reserve				
-8,191	8,191	0	0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-5,229	5,229		0
0	-5,119	0	5,119	Use of the Capital Receipts Reserve to finance new capital expenditure		-6,416		6,416
7	-7	0	0	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	5	-5		0
				Adjustments primarily involving the Deferred Capital Receipts Reserve:				
0	13	0	-13	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		10		-10
				Adjustments primarily involving the Financial Instruments Adjustment Account:				
-286	0	0	286	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-285			285
				Adjustments primarily involving the Pensions Reserve:				
78,978	0	0	-78,978	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	68,128			-68,128
-43,989	0	0	43,989	Employer's pensions contributions and direct payments to pensioners payable in the year:	-42,391			42,391
				Adjustments primarily involving the Collection Fund Adjustment Account:				
3,965	0	0	-3,965	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements.	-4,986			4,986
				Adjustment primarily involving the Accumulated Absences Account:				
-1,215	0	0	1,215	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	563			-563
68,968	3,078	-2,421	-69,625	Total Adjustments between accounting basis & funding basis under regulations	135,734	-1,182	4,953	-139,505

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2015	Transfers Out	Transfers In	Balance at 31 March 2016	Transfers Out	Transfers In	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserve	10,803	0	0	10,803	0	0	10,803
Schools Delegated Balances	38,356	-4,553	0	33,803	-8,586	0	25,217
A. Total General Fund Balance	49,159	-4,553	0	44,606	-8,586	0	36,020
Unallocated reserves available to support future budget decisions	33,666	-14,807	1,060	19,919	-6,721	1,299	14,497
Earmarked Reserves							
Managed Severance	4,093	0	0	4,093	0	0	4,093
Transitional and Risk	5,300	-1,456	3,905	7,749	-8,509	7,624	6,864
Exempt VAT	2,000	0	0	2,000	0	0	2,000
Former grant allocations	768	-25	0	743	-559	8	192
PFI - Contracts	4,627	-3,822	0	805	0	0	805
Capital Feasibility	273	-203	0	70	-70	0	0
Carbon Intervention	761	-761	0	0	0	0	0
Transformation Programme	125		0	125	0	0	125
Employment Opportunities Fund	2,427	-1,402	0	1,025	0	173	1,198
Waste Collection & Disposal Options	4,433	-404	0	4,029	-1,266	300	3,063
Trade Waste VAT Refund	583	-120	0	463	-120	0	343
Insurance	1,775	0	0	1,775	0	0	1,775
Industrial Centres of Excellence	1	0	0	1	0	0	1
Sports Strategy	255	-90	0	165	-118	57	104
Regional Growth Fund	7,000	-656	0	6,344	-1,157	0	5,187
Better Use of Budgets	7,274	-7,273	2,756	2,757	-2,757	2,788	2,788
Regional Revolving Investment Fund	3,956	0	0	3,956	0	0	3,956
Discretionary Social Fund	1,848	0	0	1,848	0	0	1,848
Single Status	23	0	0	23	0	0	23
Health Integration	222	0	0	222	0	0	222
Match Fund Basic Needs Grant	0	0	700	700	0	0	700
Dilapidation & Demolition	1,000	0	0	1,000	-1,000	2,000	2,000
Strategic Site Assembly & Develop	0	0	0	0	-44	800	756
	48,744	-16,212	7,361	39,893	-15,600	13,750	38,043
Reserves for capital investment							
Markets	1,235	-4	0	1,231	-83	0	1,148
Renewal and Replacement	12,648	-731	0	11,917	-634	2,000	13,283
	13,883	-735	0	13,148	-717	2,000	14,431
Service Earmarked Reserves							
PFI - BSF Unitary Charge	10,414	-250	498	10,662	0	732	11,394
Supporting People	2,065	0	0	2,065	-649	0	1,416
Integrated Health and Social Care Community Support and Innovation Fund	7,776	-2,643	214	5,347	-856	0	4,491
Other	480	-76	0	404	-52	0	352
	8,884	-2,292	16,759	23,351	-2,736	3,417	24,032
	29,619	-5,261	17,471	41,829	-4,293	4,149	41,685
Revenue Grant Reserves	9,081	-5,063	4,371	8,389	-3,172	3,149	8,366
B Total Earmarked Reserves	134,993	-42,078	30,263	123,178	-30,503	24,347	117,022
C Capital Grants Unapplied	32,077	-22,427	20,006	29,656	-17,784	22,737	34,609
D Capital Receipts Reserve	1,770	-5,119	8,197	4,848	-6,421	5,239	3,666
E Total Other Usable Reserves	33,847	-27,546	28,203	34,504	-24,205	27,976	38,275
Total Usable Reserves	217,999	-74,177	58,466	202,288	-63,294	52,323	191,317

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

a) General Fund Balance (£36.0m)

A net £36.0m balance has been carried forward to 2017-18 (£44.6m at 31 March 2016). This includes £25.2m carried forward for schools under delegated budgets.

All authorities are expected to maintain a prudent balance for unforeseen events and to assist cash flow management at a prudent level. The Council has assessed this level to be £10.8m.

b) Earmarked Reserves (£117.0m)

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

At 31 March 2017 the Council has available £14.5m of unallocated corporate reserves. This is in line with the financial planning that underpinned the 2017-18 Budget decision to use unallocated reserves to support the 2017-18 Budget.

In 2016-17 the level of earmarked reserves decreased by a net £6.2m from £123.2m at 31 March 2016 to £117.0m at 31 March 2017. The significant in year transfers into reserves are listed below:

- £300k net underspend in 2016-17 transferred into an unallocated reserve earmarked for support of future annual revenue budgets.
- £2.8m of requests from Services to carry forward 2016-17 budget to complete projects in 2017-18.
- £732k added to the BSF Phase 1 and 2 Service earmarked to ensure that when unitary payments exceed the PFI grant, the Council has sufficient resources to meet the costs.
- £3.1m of unspent specific grant allocations which will be spent in 2017-18 in accordance with the original purpose of the grant.
- £2m added to the dilapidation & demolition reserve
- £2m added to the repairs & renewals
- £300k added to waste collection & disposals

The transfers into reserves have been offset by transfers back to the general fund to meet priority investment of £30m. This includes commitments carried forward from 2016-17 of £13.4m and the application of £3.1m of grant monies received in previous years and £6.4m to fund budget decisions.

The planned use of unallocated Corporate Reserves to support future Budgets is estimated to leave a residual general reserve balance of just over £10.8m at 31 March 2017. A balance which continues to be potentially inadequate in the context of the difficult outlook for public finances.

c) Capital Grants Unapplied Reserve

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

d) Capital Receipts Reserve

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

Authorities are required to pay 75% of their housing capital receipts into a national pool. The Council was required to pay £5,103 to the pool in 2016-17 (£6,701 in 2015-16). The Council is required to make a corresponding transfer to the Capital Receipts Reserve to offset the contribution to the pool. This transfer is shown in the Statement of Movement on the General Fund Balance. The usable balance of housing receipts and all other capital receipts are held in the Capital Receipts Reserve until applied either to finance capital expenditure or to repay debt.

2015-16 Capital Receipts Reserve	2016-17
£000	£000
1,770 Balance at 1 April	4,848
Usable receipts in the year	
8,191 Disposal of assets	5,229
13 Other capital receipts	10
-7 Appropriation to (–) from Revenue Account re pooled housing receipts	-5
-5,119 Used to finance capital spending	-6,416
0 Used for debt repayment	0
4,848 Balance at 31 March	3,666

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

Note 6. Material Items of Income and Expense

There were no exceptional items in 2016-17 or 2015-2016.

Note 7. Post Balance Sheet Events

Since 1 April, three schools have transferred to Academy status. These Community Schools, with an estimated value of £14m at 31 March 2017, will be removed from the 2017-18 Balance Sheet when a 125 year peppercorn lease is completed. A long term lease on Appleton Academy, which previously transferred to Academy Status, completed after 31 March 2017 and will be removed from the 2017-18 Balance Sheet.

There was a fire on 14th June at Wyke Manor Sports Hall. Its value on the Council's balance sheet at 31 March 2017 was £0.563m. The cost to the Council is the excess on the insurance policy of £0.120m.

Note 8. Analysis of the Comprehensive Income and Expenditure

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

a) Other Operating expenditure

2015-16 £000	Other Operating expenditure	2016-17 £000
1,265	Parish Council Precepts	1,407
7	Payments to the Government Housing Capital Receipts Pool	3
5,242	Losses on the disposal of non-current assets	127,217
6,514	Total	128,627

b) Financing and Investment Income and Expenditure

2015-16 £000	Financing and Investment Income and Expenditure	2016-17 £000
39,043	Interest payable and similar charges (see table b2 below)	38,378
22,626	Net Interest on the Pension net defined benefit liability/(asset)	23,091
-683	Interest receivable and other income	-455
-565	Income and expenditure in relation to investment properties and changes in their fair value	-6,214
-698	Other investment income	-605
1,232	Net Deficit on Trading Accounts	865
60,955	Total	55,060

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

2015-16 £000	Interest Payable and Similar Charges	2016-17 £000
	External interest charges	
18,239	Public Works Loans Board	17,917
18,753	Interest on PFI and finance lease rentals	18,431
1,786	Lender Option Borrower Option (LOBO's)	1,778
258	Transferred debt	248
7	Interest on short term borrowing	4
39,043	Total	38,378

c) Taxation and Non-Specific Grant Income

2015-16 £000	Taxation and Non-Specific Grant Income	2016-17 £000
-153,968	Council Tax income	-162,489
-64,149	Non domestic rates	-68,797
-181,985	Non-ringfenced government grants (see below)	-160,067
-36,449	Capital grants and contributions	-38,740
-329	Donated Assets Funding	-500
-436,880	Total	-430,593

Revenue grants that do not relate to the delivery of a specific service are grouped together and shown as income in the Income and Expenditure Account. In 2016-17 the Council received the following:

c2) Government Grants

2015-16 £000	Government grants (not attributable to specific services)	2016-17 £000
-107,390	Revenue Support Grant	-83,947
-56,568	Top Up Grant	-57,040
-165	Local Services Support Grant	-104
-9,644	New Homes Bonus Grant	-11,444
-8,218	Section 31 Grant, mainly relating to Business Rates	-7,532
-181,985	Total	-160,067

Note 9. Property, Plant and Equipment: Movements on Balances in 2016-17

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2016	12,388	835,199	48,063	310,408	39,591	12,692	5,791	1,264,132	64,581
Additions	1	19,300	3,523	13,153	633	1,002	11,995	49,607	
Revaluation in the Rev. Reserve	0	3,406	0	0	421	-431	0	3,396	0
Revaluation. in Surplus/Deficit on the Provision of Services	-1,048	-22,593	0	0	-224	-1,237	0	-25,102	3,263
Derecognition – disposals	0	-141,321	-1,747	-135	-33	-886	0	-144,122	-19,923
Derecognition - other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/ from Held for Sale	0	-2,434	0	0	-2	119	0	-2,317	0
Reclassifications	2,776	-3,413	148	0	-5	7,582	-6,822	266	-1,648
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2017	14,117	688,144	49,987	323,426	40,381	18,841	10,964	1,145,860	46,273
Depreciation and Impairment									
At 1 April 2016	-388	-71,382	-25,171	-103,010	-1	-237	0	-200,189	-4,860
Depreciation charge	-207	-18,883	-6,213	-10,332	0	-128	0	-35,763	-1,219
Depreciation w/o Revaluation Reserve	0	1,073	0	0	0	25	0	1,098	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	176	8,296	0	0	0	655	0	9,127	2,445
Impairment losses/ (reversals) in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment in Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – disposals	0	13,607	1,264	61	0	19	0	14,951	254
Derecognition – other	0	0	0	0	0	0	0	0	0
Reclassifications – Other	0	989	0	0	0	-892	0	97	0
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0
At 31 March 2017	-419	-66,300	-30,120	-113,281	-1	-558	0	-210,679	-3,380
At 31 March 2016 – Net Book Value	12,000	763,817	22,892	207,398	39,590	12,455	5,791	1,063,943	59,721
At 31 March 2017 – Net Book Value	13,698	621,844	19,867	210,145	40,380	18,283	10,964	935,181	42,893

Comparative Movements in 2015-16

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	PFI Assets Included in Property Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2015	7,081	872,155	45,066	293,273	39,996	25,154	24,645	1,307,370	64,581
Additions	398	26,545	4,054	17,304	85	4,939	6,666	59,991	0
Revaluation in the Rev. Reserve	0	-14,329	0	0	-74	-411	0	-14,814	0
Revaluation in Surplus/Deficit on the Provision of Services	-3,181	-67,975	0	0	-425	-2,414	0	-73,995	0
Derecognition – disposals	0	-9,966	-1,349	0	0	-676	0	-11,991	0
Derecognition - other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/ from Held for Sale	0	-324	0	0	0	-585	-1,895	-2,804	0
Reclassifications	8,090	29,093	292	-169	9	-13,315	-23,625	375	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2016	12,388	835,199	48,063	310,408	39,591	12,692	5,791	1,264,132	64,581
At 1 April 2015	-270	-82,137	-18,375	-93,300	-1	-985	0	-195,068	-3,642
Depreciation charge	-118	-22,483	-7,839	-9,761	0	-241	0	-40,442	-1,218
Depreciation w/o Revaluation Reserve	0	5,993	0	0	0	30	0	6,023	0
Depreciation w/o to the Surplus/Deficit on the Provision of Services	0	24,342	0	0	0	944	0	25,286	0
Impairment losses/ (reversals) in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment in Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – disposals	0	2,819	1,094	0	0	14	0	3,927	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Reclassifications – Other	0	84	-51	51	0	1	0	85	0
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0
At 31 March 2016	-388	-71,382	-25,171	-103,010	-1	-237	0	-200,189	-4,860
At 31 March 2015 – Net Book Value	6,811	790,018	26,691	199,973	39,995	24,169	24,645	1,112,302	60,939
At 31 March 2016 – Net Book Value	12,000	763,817	22,892	207,398	39,590	12,455	5,791	1,063,943	59,721

Note 10. Valuations

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

The Council constructed a number of dwellings for rent, which are managed by a housing association on its behalf. The Council does not have to establish a Housing Revenue Account (HRA) as it has received legal opinion that it is not required for such a small number of properties.

Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	0	0	19,867	484	210,145	20,440	10,964	261,900
Held at Valuation Value in:								
2012/13	4,351	56,645		231		14,444		75,671
2013/14	0	129,141		45		3,047		132,233
2014/15	0	159,830		454		638		160,922
2015/16	4,837	184,755		10,158		436		200,186
2016/17	4,510	91,473		6,911		1,375		104,269
Total	13,698	621,844	19,867	18,283	210,145	40,380	10,964	935,181

Fair value measurement of surplus assets

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

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

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

Note 11. Capital Commitments and Obligations Under long Term Contracts

a) Capital Commitments

The Council has an approved capital investment plan for the period 2016-17. At 31 March 2017 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016-17 and future years budgeted to cost £8.232m. Similar commitments at 31 March 2016 were £2.460m. The major commitments (over £0.250m) are:

Capital Commitments	2015-16	2016-17
	£000	£000
Primary Schools Expansion Programme	514	2,252
Outdoor Centres	254	0
Affordable Housing	0	3,035
Jermyn Court	1,692	0
Cliffe Castle	0	1,875
Crag Road	0	1,070
Total	2,460	8,232

b) Obligations Under Long-Term Contracts

Bradford-I

Bradford-I was a 10 year contract, which started in September 2005, with IBM UK Ltd, and SERCO (which is a subcontractor for the provision of ICT services). The contract provided a modernised ICT platform, together with a large number of software systems. The last day of the contract was 4 September 2015. There was no long term obligation at 31 March 2017.

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

	Museum collection	Civic regalia	Statues & Monuments	Total Assets
	£000	£000	£000	£000
Cost or valuation				
1 April 2015	34,020	1,732	88	35,840
Additions	329	0	4	333
Revaluation increases / (decreases) recognised in the revaluation reserve	88	0	0	88
31 March 2016	34,437	1,732	92	36,261
Cost or valuation				
1 April 2016	34,437	1,732	92	36,261
Additions	500	0	21	521
Revaluation increases / (decreases) recognised in the revaluation reserve	85	0	0	85
31 March 2017	35,022	1,732	113	36,867

The Council held £36.867m heritage assets on its Balance Sheet as at 31 March 2017.

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

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

Museum Collection – items on the Balance Sheet

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

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

In 2012-13 there was a review of the major pieces of the Fine Art Collection held at Cartwright Hall by external valuers Christies. For those items reviewed by Christies they have been included on the Balance Sheet based on auction values (lower range). In 2014-15 and 2015-16 further items in the collection were reviewed by external valuers resulting in revaluation increases of £2,861,000 and £88,000.

During 2016-17 two paintings and two cannons have been reviewed by external valuers and this has resulted in a revaluation increase of £85,000.

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

Civic Regalia

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

Statues and external works of art

The Council has £0.113m of Statues and Monuments. This relates to a war memorial and a new sculpture completed in 2016-17. The value in the accounts is at historic cost.

Other Heritage Assets

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

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

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

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

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

No significant heritage assets were disposed of in 2016-17 or 2015-16.

Additions of Heritage Assets

There have been no significant purchases to heritage assets in 2016-17 but there have been some additions to the museum collections in the last two years. Individually these have not been thought significant so there is no separate valuation included in the Balance Sheet for purchased items. In 2016-17, there was a donation worth £500,000 and this has been included based on Insurance value.

Note 13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. For example, the net gain of £2.176m (see below Analysis of Rental Income and Management Costs of Investments), plus the increase of £3.387m on fair value (see below reconciliation of Movements on Investments), plus the gain on disposal of £0.651m comprise the £6.214m charge for investment properties in Note 8(b), Financing and Investment Income and Expenditure, page 45.

2015-16		2016-17
Restated		£000
£000		
-2,302	Rental income from investment property	-2,356
-58	Other income (service and other charges)	-178
	Direct operating expenses:	
275	Repairs & maintenance	196
190	Management expenses	162
-1,895	Net (gain)	-2,176

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

2015-16	Reconciliation of Movements on Investments	2016-17
£000		£000
47,917	Balance at 1 April	45,734
0	Additions	0
-48	Disposals	-251
-1,759	Net gains/losses(-) from fair value adjustments	3,387
	Transfers	
-376	To/from Property, Plant and Equipment	-266
45,734	Balance at 31 March	48,604

Investment Property has been valued by Belinda Gaynor MRICS and other similarly qualified officers of the Council's Asset Management Service, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal

Institution of Chartered Surveyors. Properties are not depreciated, the fair value of the Council's investment property is considered annually at each reporting date.

Fair value

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

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

There were no transfers between levels during the year.

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

Highest and best use of investment properties

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

Note 14. Intangible Assets

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

All software is given a useful life, based on the assessments of the period that the software is expected to be of use to the Council. All of the Council's software has an estimated useful life of 10 years. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.991m charged to revenue in 2016-17 (£2.614m in 2015-16) was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2015-16 £000	2016-17 £000
Balance at 1 April each year		
• Gross carrying amounts	19,376	19,712
• Accumulated amortisation	-15,638	-18,252
Net carrying amount at start of year	3,738	1,460
Additions :		
• Purchases	336	316
Amortisation for the period	-2,614	-991
Net carrying amount at end of year	1,460	785
Comprising :		
• Gross carrying amounts	19,712	20,028
• Accumulated amortisation	-18,252	-19,243

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

Note 15. Construction Contracts

The Council did not enter into any construction contracts in 2016-17 or 2015-16.

Note 16. Long Term Investment

The Council's long term investment at 31 March 2017 is made up of £1,000 in Integrated Bradford LEP Ltd (31 March 2016 £1,000).

Integrated Bradford LEP Ltd – Company no. 5797774

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

Note 17. Long Term Debtors

These represent the value of long term advances granted by the Council. The amount owed by other local authorities at 31 March 2017 of £0.260m is in respect of transferred debt for Probation Service owed by other West Yorkshire authorities.

The balance owing on sale of assets on finance leases of £0.223m represents the principal element of the leases.

31 March 2016 £000		31 March 2017 £000
14	Former Council house tenants	4
282	Other local authorities re joint services	260
454	Car loans	570
275	Building Schools for the Future Ltd	267
146	Loans to organisations	122
5	Housing Advances	4
223	Balance owing on sale of assets on finance lease(s)	223
34	Other	34
1,433	Total	1,484

Note 18. Current Assets and Current Liabilities

31 March 2016 £000		31 March 2017 £000
0	Trading services	0
2,237	Other	1,909
2,237	Total	1,909

Short term Debtors and Payments In Advance

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

31 March 2016 £000	Analysis of Debtors and Payments in Advance	31 March 2017 £000
	Amounts falling due within one year	
19,497	Central Government bodies	9,372
3,919	Other local authorities	2,700
4,814	NHS bodies	3,526
725	Public corporations and trading funds	678
68,323	Other entities and individuals	77,963
6,458	General payments in advance	6,593
103,736	Total	100,832
	Less provision for bad and doubtful debts	
14,870	Collection Fund	14,449
11,796	Other	11,823
77,070	Net Total	74,560

The net debtors have changed from a total of £77.070m at 31 March 2016 to £74.560m at 31 March 2017, a decrease of £2.510m.

Short Term Investments

The Council has short term investments of £21.025m; see Balance Sheet (£7.238m 2015-16). This is invested with banks and building societies.

Cash and Cash Equivalents

At any point in time the cash flow of the Council can result in temporary cash balances which are put into short-term investments. At the 31 March 2017, £56.253m was invested in short term deposits, banks and building societies (£74.038m at 31 March 2016).

31 March 2016 £000		31 March 2017 £000
709	Cash held by the Council	667
62,724	Bank accounts	54,586
10,605	Short term deposits with building societies and banks	1,000
74,038	Total Cash and Cash Equivalents (see Balance Sheet page 23)	56,253
	Cash and Cash Equivalents Overdrawn (see Balance sheet page 23)	
-3,523		-7,042
70,515	Total net Cash and Cash Equivalents (see Cashflow statement page 24)	49,211

The Council also has short term borrowings of £13.623m (£29.486m 2015-16).

Creditors and Receipts in Advance

31 March 2016 £000	Analysis of Creditors and Receipts in Advance	31 March 2017 £000
	Amounts falling due within one year	
11,791	Central Government bodies	13,759
1,307	Other local authorities	759
2,083	NHS bodies	1,124
166	Public corporations and trading funds	515
58,114	Other entities and individuals	54,395
73,461	Total	70,552
	Receipts in advance	
11,644	Sundry	8,859
5,927	Developer's contributions	5,712
17,571	Total	14,571
91,032	Total Creditors and Receipts in Advance	85,123

Note 19. Assets held for sale

Current Assets held for sale	2015-16 £000	2016-17 £000
Balance outstanding at start of year	2,770	652
Additions	54	0
Assets newly classified as held for sale:		
- Property, Plant and Equipment	3,470	2,535
Revaluation losses	0	-17
Assets declassified:		
- Property, Plant and Equipment	-751	-315
Assets sold	-4,891	-2,364
Balance outstanding at year end	652	491

Note 20. Provisions

The provisions totals of £20.362m at 31 March 2017 and £22.726m at 31 March 2016 are separated on the Balance Sheet into current and long term provisions. The current provisions are those expecting to be used in the next financial year, £9.791m at 31 March 2017 (£9.383m at 31 March 2016). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £10.571m at 31 March 2017 (£13.343m at 31 March 2016).

	Termination £000	Personal Search fees £000	MMI Scheme of Arrangement £000	Outstanding legal cases £000	Injury and Damage Compensation Claims £000	Equal Pay Provisions £000	Testing Provision £000	Business Rate Appeals £000	Total £000
Balance at 31 March 2015	4,577	159	0	3,210	5,151	418	0	7,526	21,041
Additional provisions made in 2015-16	6,796	169	322	3,548	2,561	0	0	3,388	16,784
Amounts used in 2015-16	-2,998	-127	0	-2,187	-1,686	0	0	-4,917	-11,915
Unused amounts reversed in 2015-16	0	0	0	-636	-2,130	-418	0	0	-3,184
Balance at 31 March 2016	8,375	201	322	3,935	3,896	0	0	5,997	22,726
Additional provisions made in 2016-17	611	0	626	3,726	3,157	0	200	2,055	10,375
Amounts used in 2016-17	-3,010	-108	0	-1,967	-1,642	0		-2,270	-8,997
Unused amounts reversed in 2016-17	0	0	0	-1,494	-2,248	0	0	0	-3,742
Balance at 31 March 2017	5,976	93	948	4,200	3,163	0	200	5,782	20,362
Short-Term	3,720	93	948	1,766	1,329	0	200	1,735	9,791
Long-Term	2,256	0		2,434	1,834	0	0	4,047	10,571
Balance at 31 March 2017	5,976	93	948	4,200	3,163		200	5,782	20,362

Termination (£5.976m) – for planned future termination costs arising from the detailed saving proposals approved as part of the 2016-17 Budget by Council in February 2015.

Property Search fees (£0.93m) – Whilst Personal Search companies have claimed for refunds from the Council, given that the Council's and other authorities charging policies were based on a statutory fee, the Council is reclaiming any repayment from the government in due course.

Insurance provisions (£4.200m and £3.163m) – These provisions bear the risk of day to day losses as an alternative to providing insurance cover through external insurance companies. Losses over £120,000 are externally insured. The main areas provided for are:

31 March 2016 £000	Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)	31 March 2017 £000
264	Property	0
6,879	Other Liability claims	6,777
688	Motor	586
7,831	Total	7,363

Equal Pay Provision (£0m) - Implementation of the 1997 Single Status Agreement between local authority employers and unions involves the review, job evaluation and harmonisation of former officer and former manual worker terms and conditions. It will lead to compensation claims under equal pay legislation (claims can cover a period of up to six years).

Testing Provision (£0.2m) – Amount set aside for potential costs relating to scientific testing provision.

Business Rates Appeals (£5.782m) – The provision reflects the estimate of the amount of Business Rates to be repaid to ratepayers, following any future successful appeals against rateable values.

Note 21. Unusable Reserves

2015-16	2016-17
£000	£000
168,345 (a) Revaluation Reserve	159,238
314,665 (b) Capital Adjustment Account	209,886
-5,813 (c) Financial Instruments Adjustment Account	-5,528
-700,142 (d) Pensions reserve	-829,875
271 (e) Deferred capital receipts reserve	261
-9,059 (f) Collection Fund Adjustment Account	-4,073
-12,709 (g) Accumulated Absences Account	-13,272
-244,442 Total Unusable Reserves	-483,363

a) Revaluation Reserve

The Revaluation Reserve is a store of changes to the measurable value of assets compared to the cost of acquiring them. In 2016-17, the Reserve has decreased from £168.345m to £159.238m, a decrease of £9.107m.

2015-16	2016-17
£000	£000
184,911 Balance at 1 April	168,345
11,162 Upward revaluation of assets	13,481
-19,905 Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	-8,901
0 Impairments not charged to the Surplus or deficit on the Provision of Services	0
-8,743 Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	4,580
-4,191 Difference between fair value depreciation and historical cost depreciation	-3,207
-3,632 Accumulated gains on assets sold or scrapped	-10,480
-7,823 Amount written off to the Capital Adjustment Account	-13,687
168,345 Balance at 31 March	159,238

b) Capital Adjustment Account

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

2015-16	2016-17
£000	£000
339,002	314,665
Balance at 1 April	
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :	
-40,442	-35,763
-48,672	-15,991
-2,614	-991
-5,743	-2,859
-13,003	-131,788
7,823	13,687
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year :	
5,119	6,416
13,929	12,194
19,316	13,992
2,512	3,755
329	500
32,162	24,376
6,706	4,306
-1,759	3,387
314,665	209,886
Balance at 31 March	

c) Financial Instruments Adjustment Account

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

2015-16	2016-17
£000	£000
-6,099	-5,813
Balance at 1 April	
269	268
17	17
286	285
-5,813	-5,528
Balance at 31 March	

d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. See Note 30 for full explanation.

2015-16		2016-17
£000		£000
-733,599	Balance at 1 April	-700,142
68,446	Remeasurement of net defined benefit liability	-103,996
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-68,128
-78,978		
43,989	Employer's pensions contributions and direct payments to pensioners payable in the year	42,391
-700,142	Balance at 31 March	-829,875

e) Deferred Capital Receipts

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

2015-16		2016-17
£000		£000
283	Balance at 1 April	271
-12	Transfer to the Capital Receipts Reserve upon receipt of cash	-10
271	Balance at 31 March	261

f) Collection Fund Adjustment Account

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

2015-16		2016-17
£000		£000
-5,094	Balance at 1 April	-9,059
	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	4,986
-3,965		
-9,059	Balance at 31 March	-4,073

g) Accumulated Absences Account

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

2015-16		2016-17
£000		£000
-13,924	Balance at 1 April	-12,709
13,924	Settlement or cancellation of the accrual made at the end of the preceding year	12,709
-12,709	Amounts accrued at the end of the current year	-13,272
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements.	-563
1,215		
-12,709	Balance at 31 March	-13,272

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

The cash flows for operating activities include the following items:

2015-16		2016-17
£000		£000
85,336	Net (surplus) or deficit on the provision of services (see d)	150,476
-178,358	Adjustments to surplus or deficit for non-cash movements (See d)	-232,423
44,640	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	43,970
-507	Interest Received	-484
36,730	Interest paid	38,324
-686	Dividends Received	-654
-12,845	Net cash flows from operating activities	-791

b) Investing Activities

The cash flows for investing activities include the following items:

2015-16		2016-17
£000		£000
61,812	Purchase of property, plant and equipment, investment property and intangible assets	50,792
62,900	Purchase of short term and long term investments	100,095
-8,191	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-5,229
-38,022	Capital grants	-39,465
-109,200	Proceeds from short term and long term investments	-86,293
-30,701	Net cash flows from investing activities	19,900

c) Financing Activities

The cash flows for financing activities include the following items:

2015-16		2016-17
£000		£000
-30,600	Cash receipts of short and long term borrowing	-63,300
0	Other receipts from financing activities	-6,067
8,626	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	8,627
84,170	Repayments of short and long term borrowing	62,935
5,792	Other payments for financing activities	0
67,988	Net cash flows from financing activities	2,195

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

2015-16	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow		2016-17
£000			£000
85,336	Net deficit / surplus (-) for year on the Comprehensive Income and Expenditure Account (I & E)	A	150,476
	Add back non cash I & E items:		
-93,485	Depreciation & impairment, revaluation gains and losses, market value movements, and amortisation	B	-49,358
-196	Aborted cost on prior year capital expenditure	C	0
-34,989	IAS19 Pension adjustments	D	-25,737
329	Donated Assets non-cash funding	E	500
	Items on accruals basis:		
-3	Decrease (-) / Increase in stocks	F	-328
-13,543	Decrease (-) / increase in amounts due to Council (debtors)	G	4,004
12,537	Decrease / increase (-) in amounts due from Council (creditors)	H	5,670
-13,003	Carrying amount of disposals	I	-131,788
-1,684	Movement provisions	J	2,363
1,216	Net movement on Employee Benefit accrual	K	-563
-142,821	Removal of non-cash items included in Deficit/Surplus on Provision of services	L	-195,237
	Removal of interest received and paid already included in Surplus/Deficit so that this can be shown separately:		
-36,730	Interest paid	M	-38,324
507	Interest received	N	484
686	Dividends received	O	654
-35,537	Interest received and paid	P	-37,186
-178,358	Adjustments to surplus or deficit for non-cash movements (Per Cash Flow Statement)	Q	-232,423
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
36,449	Capital Grants credited to surplus or deficit on the provision of services	R	38,741
8,191	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	S	5,229
44,640	Sub-total items for items included in the net surplus or deficit on the provision of services that are investing and financing activities	T	43,970
35,537	Interest and dividends received & paid shown separately (see above)	U	37,186
-12,845	Operating activities - net cash flow	V	-791

Note 23. 2016-17 Expenditure Funding Analysis

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

	Net expenditure for 2016-17 Outturn Statement	Reclassification for the CIES	Net Expenditure in the CIES	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund
	£000	£000	£000	£000	£000
	a	b	c = a + b	d	e = c + d
Health and Wellbeing	127,443	-827	126,616	-3,500	123,116
Children's Services	94,156	-3,463	90,693	-31,419	59,274
Department of Place	105,646	-459	105,187	-31,697	73,490
Revenues & Benefits	3,553	248	3,801	0	3,801
Chief Executive	4,613	2	4,615	-258	4,357
Corporate Services (Excluding Revenues and Benefits)	37,558	9,309	46,867	-7,180	39,687
Non Service Budgets	82,259	-86,772	-4,513	12,051	7,538
Central Budget & Net Transfers to Reserves	-77,525	101,641	24,116	-5	24,111
Net Cost of Services	377,703	19,679	397,382	-62,008	335,374
Other Operating Expenditure	0	128,627	128,627	-127,217	1,410
Financing and Investment income and expenditure	0	55,060	55,060	-19,703	35,357
Taxation and non-specific grant income	-377,703	-52,890	-430,593	44,226	-386,367
Earmarked Reserves	0	0	0	-6,156	-6,156
Reduction in School Delegated Balances	0	0	0	-8,585	-8,585
Statutory Provision for the financing of capital investment	0	0	0	24,376	24,376
Capital Expenditure charged against the General Fund	0	0	0	4,306	4,306
Financial Instruments Adjustment Account	0	0	0	285	285
Surplus (-)/Deficit on Provision of Services	0	150,476	150,476	-150,476	0
General Fund Balance brought forward					10,803
General Fund Balance carried forward					10,803

Commentary on the 2016-17 Expenditure Funding Analysis

The net expenditure of the 2016-17 Outturn statement (Column (a)) shows the financial position as presented in the format for the 2016-17 Annual Financial and Performance Report (Executive 11 July 2017). In summary, this shows £377.7m of expenditure by Council departments and corporate centres, funded by £377.7m of income. This is then reclassified in accordance with accounting standards in column (b) to show the 2016-17 Comprehensive Income and Expenditure Account.

The reclassifications in column (b) comprise a number of significant movements. Some of these movements are into additional categories of expenditure required in the Comprehensive Income and Expenditure Account. These additional categories are Other Operating Expenditure (mainly losses on the disposal of non-current assets) and Financing and Investment income (interest and income relating to investment properties).

Other significant movements in column (b) include £52.9m added to the £377.7m income. £38.8m of this relates to grants received during 2016-17 to fund the capital programme, classified under Non Service Budgets in the Annual Financial and Performance Report. Other elements of the £52.9m relate to transfers from earmarked reserves and corporate grants, classified under Central Budgets and Net Transfers to Reserves in the Annual Financial and Performance Report.

Other movements in column (b) includes the removal of internal income charged between Council departments, which in accordance with accounting standards cannot be included in the Comprehensive Income and Expenditure Account. For example, the Annual Financial and Performance Report (column (a)) includes income in Corporate Services earned by providing training to schools but also shown as expenditure against the Children's services department.

The last and largest set of reclassifications in column (b) relates to the removal of £150.5m of net income shown in the Annual Financial and Performance Report. This removal of £150.5m net income is in effect excluding transactions that make up the Movement in Reserves Statement - which is a separate statement from the Comprehensive income and Expenditure Account. As an example, it excludes transactions to reverse depreciation charges, that by statute cannot be charged against Council Tax.

A different set of reclassifications are shown in column (d) in order to show that, including earmarked reserve movements, the Council's expenditure and income matched in the year, so there was no overall change to the General Fund balance. These reclassifications remove the transactions, such as depreciation, which are made in accordance with accounting standards and have to be included in the Comprehensive Income and Expenditure Statement. However, as these transactions are not chargeable against Council Tax, they are removed in order to show the Council's true income and expenditure in column (e). Also column (d) adds other transactions that are not shown in the Comprehensive Income and Expenditure Account, but which are chargeable against Council Tax - for example £24.4m Capital Expenditure charged against Council Tax.

In summary, the Annual Financial and Performance Report in column (a) shows transactions required by accounting standards to be included in the Comprehensive Income and Expenditure Statement that. It also includes transactions reversing these amounts, which in isolation form part of the Movement in Reserves Statement. Amongst other reclassifications, column (b) removes the reversing transactions, but leaves in the original transactions included to comply with accounting standards for the Comprehensive Income and Expenditure Statement. Column (d) then in turn removes these original transactions, as well as adding in additional chargeable amounts to show the true position on the General Fund balance – nil.

2015-16 Expenditure Funding Analysis

The Expenditure and Funding Analysis for 31 March 2016 is as follows:

	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
Health and Wellbeing	126,206	-4,096	122,110
Children's Services	122,049	-58,946	63,103
Department of Place	109,144	-35,037	74,107
Revenues & Benefits	5,754	0	5,754
Chief Executive	4,953	-319	4,634
Corporate Services (Excluding Revenues and Benefits)	61,162	-18,472	42,690
Non Service Budgets	1,428	5,572	7,000
Central Budget & Net Transfers to Reserves	24,051	-7	24,044
Net Cost of Services	454,747	-111,305	343,442
Other Operating Expenditure	6,514	-5,242	1,272
Financing and Investment income and expenditure	60,955	-24,386	36,569
Taxation and non-specific grant income	-436,880	32,812	-404,068
Earmarked Reserves	0	-11,815	-11,815
Reduction in School Delegated Balances	0	-4,553	-4,553
Statutory Provision for the financing of capital investment	0	32,162	32,162
Capital Expenditure charged against the General Fund	0	6,706	6,706
Financial Instruments Adjustment Account	0	285	285
Surplus (-)/Deficit on Provision of Services	85,336	-85,336	0
General Fund Balance brought forward			10,803
General Fund Balance carried forward			10,803

2016-17 Analysis of Accounting Adjustments

	Earmarked Reserves	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other differences (Employee Accrual)	Other differences (Collection Fund & Financial Instruments)	Total adjustments
	£000	£000	£000	£000	£000	£000
Health and Wellbeing	0	1,212	2,292	-4	0	3,500
Childrens Services	0	27,266	3,627	526	0	31,419
Department of Place	0	27,331	4,356	10	0	31,697
Revenues & Benefits	0	0	0	0	0	0
Chief Executive	0	0	268	-10	0	258
Corporate Services (Excluding Revenues and Benefits)	0	3,642	3,498	40	0	7,180
Non Service	0	-657	-11,395	1	0	-12,051
Central Budget & Net Transfers to Reserves	0	5	0	0	0	5
Net Cost of Services	0	58,799	2,646	563	0	62,008
Other Operating Expenditure	0	127,217	0	0	0	127,217
Financing and Investment income and expenditure	0	-3,388	23,091	0	0	19,703
Taxation and non-specific grant income	0	-39,240	0	0	-4,986	-44,226
Earmarked Reserves Reduction in School	6,156	0	0	0	0	6,156
Delegated Balances	8,585	0	0	0	0	8,585
Minimum Revenue Provision	0	-24,376	0	0	0	-24,376
Direct Revenue Financing	0	-4,306	0	0	0	-4,306
Financial Instrument Adjustment Account	0	0	0	0	-285	-285
Total Adjustments between accounting basis & funding basis under regulations	14,741	114,706	25,737	563	-5,271	150,476

2015-16 Analysis of Accounting Adjustments

	Earmarked Reserves	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other differences (Employee Accrual)	Other differences (Collection Fund & Financial Instruments)	Total adjustments
	£000	£000	£000	£000	£000	£000
Health and Wellbeing	0	1,514	2,568	14	0	4,096
Childrens Services	0	54,502	5,722	-1,278	0	58,946
Department of Place	0	30,072	4,956	9	0	35,037
Revenues & Benefits	0	0	0	0	0	
Chief Executive	0	0	336	-17	0	319
Corporate Services (Excluding Revenues and Benefits)	0	14,492	3,930	50	0	18,472
Non Service	0	-430	-5,149	7	0	-5,572
Central Budget & Net Transfers to Reserves	0	7	0	0	0	7
Net Cost of Services	0	100,157	12,363	-1,215	0	111,305
Other Operating Expenditure	0	5,242	0	0	0	5,242
Financing and Investment income and expenditure	0	1,760	22,626	0	0	24,386
Taxation and non-specific grant income	0	-36,777	0	0	3,965	-32,812
Earmarked Reserves Reduction in School	11,815	0	0	0	0	11,815
Delegated Balances	4,553	0	0	0	0	4,553
Minimum Revenue Provision	0	-32,162	0	0	0	-32,162
Direct Revenue Financing	0	-6,706	0	0	0	-6,706
Financial Instrument Adjustment Account	0	0	0	0	-285	-285
Total Adjustments between accounting basis & funding basis under regulations	16,368	31,514	34,989	-1,215	3,680	85,336

Note 24. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2015-16 or 2016-17.

Note 25. Trading Services

Trading services are mainly activities of a commercial nature, which are financed substantially by charges made to recipients of the service. The tables below show the financial performance of trading services in 2015-16 and 2016-17:

Trading Services Surplus (-) / Deficit		
2015-16	2016-17	2016-17
Surplus (-)	Turnover	Surplus (-)
/Deficit		/Deficit
£000	£000	£000
Restated		
-384 School & welfare catering	-17,795	-540
164 Other catering	-362	127
1,452 Building cleaning	-261	1,278
1,232 Total	-18,418	865

Trading Services Included in Net Cost of Services		
2015-16	2016-17	2016-17
Surplus (-)	Turnover	Surplus (-)
/Deficit		/Deficit
£000	£000	£000
-247 Markets	-2,721	-861
-4,425 Car parks	-5,420	-4,366
-208 Trade refuse	-2,983	-137
-4,880 Total	-11,124	-5,364

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

Note 26. Agency Services

The Council provides payroll services to a number of external organisations, including Academy Schools and Colleges of Further Education. The payroll records for the external organisations do not form part of the Council's financial statements. However, the costs of administrating this service and the income received from the external organisations in return for the service are included in the Council's financial statements. In 2016-17, the Council received £0.563m income (£0.624m in 2015-16) from external organisations.

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

Note 27. Road Charging Schemes

The Council did not undertake or operate any road charging schemes in 2016-17 or 2015-16.

Note 28. Pooled Budgets Arrangements Under Section 31 of the Health Act 1999, and Section 75 of the Health Act 2006**Community Equipment Service Section 31 Agreement**

The Council entered into a formal Section 31 pooled budget arrangement for this service from April 2004. From 2016-17, this arrangement was with the Bradford District Clinical Commissioning Group (CCG). A summary of contributions and expenditure is shown below.

	2015-16 £000	2016-17 £000
Funding provided		
Council	1,147	1,147
CCG	1,147	1,147
	2,294	2,294
Expenditure	3,332	2,832
Net overspend	1,038	538
Council share of the net overspend arising on the pooled budget	519	269

In 2016-17 there was an agreement between the Council and the CCG that any overspend on the pooled budget would be shared jointly.

Better Care Fund

	2015-16 Restated £000	2016-17 £000
Funding provided		
Bradford & Airedale Community Equipment	1,147	1,412
Care Bill Implementation support	1,350	1,366
Protect Social Services	15,127	14,672
Reablement	1,485	1,502
Carers	911	925
Capital Funding	3,208	3,519
Total LA Better Care Fund	23,228	23,396
CCG's Better Care Fund	14,117	14,694
Total Better Care Fund	37,345	38,090

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 in 2016-17 was £38.1m. It is a pooled budget with Bradford City CCG, Bradford Districts CCG and part of Airedale, Wharfedale and Craven CCG.

Note 29. Termination Benefits

In 2016-17 the Council incurred voluntary and compulsory redundancy costs of £0.274m (£1.150m in 2015-16) together with £1.936m (£2.082m in 2015-16) for early retirement pension costs. The costs relate to the Council's plans to reduce its expenditure to help to offset the impact of significant Government grant reductions.

Note 30. Pension Schemes Accounted For As Defined Contribution Schemes

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme had 7,722 participating employers in 2015-16, 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 2017, the Council's own contributions equate to approximately 0.30%.

In 2016-17, the Council paid £18.892m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The figures for 2015-16 were £21.855m and 14.1% up to 31 August 2015 and 16.48% from 1 September 2015. There were contributions remaining payable at the year-end of £1.319m. The contributions due to be paid in the next financial year are estimated to be £21.300m.

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

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

A number of Council employees are also members of the NHS Pension Scheme, administered by NHS Pensions on behalf of the Department for Health (DoH). The Scheme provides the relevant employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme had 9,065 participating employers as at 31 March 2016, including 142 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 2017, the Council's own contributions equate to approximately 0.002%.

In 2016-17, the Council paid £0.170m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.3% of pensionable pay. The figures for 2015-16 were £0.198m and 14.3%. There were contributions remaining payable at the year-end of £0.014m. The contributions due to be paid in the next financial year are estimated to be £0.177m.

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

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

Note 31. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered through a number of separate regional funds. The Council is a member of the West Yorkshire Pension Fund – this is a funded career average defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 2013 for the three years 1 April 2014 to 31 March 2017. 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 2016-17 in respect of Bradford members of the West Yorkshire Pension Fund was 14.2%.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of

the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute, as described in the accounting policies note.

Discretionary Post-retirement Benefits

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

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax (i.e. the statutory amount charged against the General Fund balance) is based on the cash payable in the year (i.e. the total contribution paid by the Council under the pension regulations), so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
• Current service cost*	55,897	51,162	0	0	0	0	55,897	51,162
• Past service costs	2,030	1,838	0	0	0	0	2,030	1,838
• Gain (-) / loss from settlements	-1,575	-7,963	0	0	0	0	-1,575	-7,963
Financing and Investment Income and Expenditure								
• Net interest expense	18,322	18,756	1,584	1,592	2,720	2,743	22,626	23,091
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	74,674	63,793	1,584	1,592	2,720	2,743	78,978	68,128
Other Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement								
Re-measurement of the net defined benefit liability comprising:								
• Return on plan assets (excluding the amount included in the net interest expense)	46,303	-281,591	0	0	0	0	46,303	-281,591
• Actuarial gains (-) and losses arising on changes in demographic assumptions	0	-58,786	0	-512	0	-287	0	-59,585
• Actuarial gains (-) and losses arising on changes in financial assumptions	-87,754	497,124	-1,403	4,199	-2,415	7,824	-91,572	509,147
• Actuarial gains (-) and losses due to liability experience	-20,731	-62,953	-899	-508	-1,547	-514	-23,177	-63,975
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	12,492	157,587	-718	4,771	-1,242	9,766	10,532	172,124
Movement in Reserves Statement								
• Reversal of net charges made to the Surplus or Deficit for the Provision of Service for post-employment retirement benefits in accordance with the Code	-74,674	-63,793	-1,584	-1,592	-2,720	-2,743	-78,978	-68,128
Actual amount charged against the General Fund balance for pensions in the year:								
• Employers' contributions payable to the scheme	34,483	33,129	0	0	0	0	34,483	33,129
• Retirement benefits payable to pensioners	0	0	3,643	3,481	5,863	5,781	9,506	9,262

* The current service cost includes an allowance for the administration expenses of £0.662m in 2016-17 (£0.686m in 2015-16).

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total Per Balance sheet	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
	£000	£000	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	2,306,077	2,702,567	48,532	49,822	83,535	87,520	2,438,144	2,839,909
Fair value of plan assets	1,738,002	2,010,034	0	0	0	0	1,738,002	2,010,034
Impact of Minimum Funding Requirement / Asset Ceiling	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation - Closing balance at 31 March	568,075	692,533	48,532	49,822	83,535	87,520	700,142	829,875

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	1,750,856	1,738,002	0	0	0	0	1,750,856	1,738,002
Interest income on assets	55,704	58,647	0	0	0	0	55,704	58,647
Re-measurement gains and losses (-) on assets	-46,303	281,591	0	0	0	0	-46,303	281,591
Contributions from employer	34,483	33,129	3,643	3,481	5,863	5,781	43,989	42,391
Contributions from employees into the scheme	14,451	13,940	0	0	0	0	14,451	13,940
Benefits paid*	-68,347	-74,126	-3,643	-3,481	-5,863	-5,781	-77,853	-83,388
Settlements	-2,842	-41,149	0	0	0	0	-2,842	-41,149
Closing balance at 31 March	1,738,002	2,010,034	0	0	0	0	1,738,002	2,010,034

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

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Local Government Pension Scheme Discretionary Benefits		Unfunded Liabilities: Teachers Voluntary Early Retirement Discretionary Benefits		Total	
	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000
Opening balance at 1 April	2,340,922	2,306,077	52,893	48,532	90,640	83,535	2,484,455	2,438,144
Current service cost	55,897	51,162	0	0	0	0	55,897	51,162
Interest cost	74,026	77,403	1,584	1,592	2,720	2,743	78,330	81,738
Contributions from scheme participants	14,451	13,940	0	0	0	0	14,451	13,940
Re-measurement gains (-) and losses:								
Actuarial gains (-) and losses arising from changes in demographic assumptions	0	-58,786	0	-512	0	-287	0	-59,585
Actuarial gains (-) and losses arising from changes in financial assumptions	-87,754	497,124	-1,403	4,199	-2,415	7,824	-91,572	509,147
Actuarial gains (-) and losses due to liability experience	-20,731	-62,953	-899	-508	-1,547	-514	-23,177	-63,975
Past service costs	2,030	1,838	0	0	0	0	2,030	1,838
Benefits paid	-68,347	-74,126	-3,643	-3,481	-5,863	-5,781	-77,853	-83,388
Liabilities extinguished on settlements	-4,417	-49,112	0	0	0	0	-4,417	-49,112
Closing balance at 31 March	2,306,077	2,702,567	48,532	49,822	83,535	87,520	2,438,144	2,839,909

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

Active Members	37%
Deferred Pensioners	15%
Pensioners	48%

Local Government Pension Scheme Assets

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

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

Asset Category	31 March 2016	31 March 2016	31 March 2017	31 March 2017	31 March 2017	31 March 2017	31 March 2017	31 March 2017
	£000	%	£000	%	£000	%	£000	%
	Total	Total	Quoted	Quoted	Unquoted	Unquoted	Total	Total
Equity investments	1,306,978	75.2	1,413,056	70.3	138,692	6.9	1,551,748	77.2
Government bonds	185,966	10.7	203,013	10.1	0	0.0	203,013	10.1
Other bonds	79,948	4.6	78,391	3.9	0	0.0	78,391	3.9
Cash	22,594	1.3	24,120	1.2	0	0.0	24,120	1.2
Property	85,162	4.9	86,431	4.3	0	0.0	86,431	4.3
Other assets	57,354	3.3	28,140	1.4	38,191	1.9	66,331	3.3
Total	1,738,002	100.00	1,833,151	91.2	176,883	8.8	2,010,034	100.00

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

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

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, with estimates for the West Yorkshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016. The significant assumptions used in the Actuary's assessments of assets and liabilities have been:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits		Teachers Voluntary Early Retirement Discretionary Benefits	
	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017
Mortality Assumptions	years	years	years	years	years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):						
Men	22.7	22.1	22.7	22.1	22.7	22.1
Women	25.6	25.2	25.6	25.2	25.6	25.2
Longevity at 65 for future pensioners (aged 45 at accounting date):						
Men	24.9	23.0	-	-	-	-
Women	28.0	27.0	-	-	-	-
Commutation i.e. take-up of option to convert annual pension into retirement lump sum	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.	-	-	-	-
Financial assumptions	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Rate of RPI inflation	2.9	3.1	2.9	3.1	2.9	3.1
Rate of CPI Inflation	1.8	2.0	1.8	2.0	1.8	2.0
Rate of increase in salaries	3.3	3.25	-	-	-	-
Rate of increase in pensions	1.8	2.0	1.8	2.0	1.8	2.0
Discount rate	3.4	2.5	3.4	2.5	3.4	2.5

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

Impact on the Defined Benefit Obligation in the Scheme

	Present Value of the Defined Benefit Obligation After Increase in Assumption £000	Change in Present Value of Defined Benefit Obligation %	Present Value of Defined Obligation Benefit After Decrease in Assumption £000	Change in Present Value of Defined Benefit Obligation %
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	2,621,094	-3.0	2,784,601	3.0
Rate of increase in salaries - increase or decrease by 0.1%	2,712,439	0.4	2,692,786	-0.4
Rate of increase in pensions - increase or decrease by 0.1%	2,741,121	1.4	2,664,608	-1.4
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,654,911	-1.8	2,751,079	1.8

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

Impact on the Council's Cash Flows

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

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2017 are £40.000m.

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 2017 are £3.516m and £5.839m, respectively.

The weighted average duration of the funded defined benefit obligation for the Local Government Pension Scheme (LGPS) is 17.8 years at 31 March 2017 (18.4 years at 31 March 2016).

The weighted average duration of the unfunded defined benefit obligation for Local Government Pension Scheme (LGPS) Discretionary Benefits is 9.6 years at 31 March 2017 (12 years at 31 March 2016) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 10.0 years at 31 March 2017 (12 years at 31 March 2016).

Note 32. Members' Allowances

- The total cost to the Council in respect of Members' allowances in 2016-17 was £1,933,455 and £30,302 expenses (£1,971,671 and £19,742 expenses in 2015-16). Excluding Employers National Insurance contributions directly paid over to Central Government, the cost of Members Allowances in 2016-17 was £1,781,534 and £30,302 expenses (£1,831,789 and £19,742 expenses in 2015-16)

Note 33. Employees' Remuneration

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

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

Number of Employees 2015-16	Employees Emoluments	Number of Employees 2016-17
184	£50,000 - £54,999	153
112	£55,000 - £59,999	84
66	£60,000 - £64,999	61
48	£65,000 - £69,999	46
30	£70,000 - £74,999	21
20	£75,000 - £79,999	16
18	£80,000 - £84,999	18
9	£85,000 - £89,999	6
6	£90,000 - £94,999	5
3	£95,000 - £99,999	4
2	£100,000 - £104,999	2
3	£105,000 - £109,999	1
0	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1
501	Total	419

The above figures include 293 teachers (362 in 2015-16).

The above table includes compensation payments for loss of employment

Senior Officers Remuneration

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

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

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

Notes to the Main Financial Statements

2016-17 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)								
Post Title		Salary including fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	Note	£	£	£	£	£	£	£
Interim Strategic Director Adult & Community Service	C	48,880				48,880	7,003	55,883
Strategic Director Health and Wellbeing	C	72,681				72,681	10,321	83,002
Strategic Director – Children's Services		137,845				137,845	19,574	157,419
Director of Human Resources		97,342				97,342	13,822	111,164
Strategic Director Environment & Sport	D	86,504				86,504	12,296	98,800
Strategic Director - Place	D	32,164				32,164	4,555	36,719
Strategic Director – Regeneration and Culture	D	86,504				86,504	15,781	102,285
Interim City Solicitor	A	14,925				14,925	0	14,925
City Solicitor	A/B	84,333				84,333	11,975	96,308
Director of Finance	D	83,922				83,922	11,931	95,853
Strategic Director – Corporate Services	D	32,164				32,164	4,553	36,717
Director of Public Health		104,410				104,410	14,931	119,341
Director of West Yorkshire Pension Fund		97,342				97,342	13,822	111,164
Assistant Director – Office of the Chief Executive	E	20,358				20,358	2,891	23,249

2015-16 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)								
Post Title		Salary including fees & Allowances	Expense Allowances	Comp'n for loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	Note	£	£	£	£	£	£	£
Strategic Director Adult & Community Service	H	28,871				28,871	4,100	32,971
Interim Strategic Director Adult & Community Service	I	80,314				80,314	11,405	91,719
Strategic Director – Children's Services		136,480				136,480	19,380	155,860
Director of Human Resources		95,912				95,912	13,619	109,531
Strategic Director Environment & Sport		111,283				111,283	15,802	127,085
Strategic Director – Regeneration and Culture		111,283				111,283	15,802	127,085
Acting City Solicitor	B/K	86,921				86,921	12,343	99,264
Interim City Solicitor	A/J	9,105				9,105	0	9,105
Director of Finance		110,000				110,000	15,620	125,620
Director of Public Health		104,410				104,410	14,931	119,341
Director of West Yorkshire Pension Fund		96,378				96,378	13,686	110,064

The Interim City Solicitor costs shown in the table above for 2015-16 have been restated. The costs have been increased by £480 from £8,625 to £9,105.

Senior Officers' Remuneration

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

2016-17 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)								
Post Title and Holder		Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	Note	£	£	£	£	£	£	£
Chief Executive - Kersten England	B	207,411				207,411	29,199	236,610

2015-16 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)								
Post Title and Holder		Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	Note	£	£	£	£	£	£	£
Acting Chief Executive – Suzan Hemingway	B/G	73,013				73,013	10,368	83,381
Chief Executive - Kersten England	B/F	118,024				118,024	16,759	134,783

Notes:

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

Annualised Salary for 2016-17

Chief Executive – Kersten England - £180,261
 Director of Finance – £111,100
 Strategic Director – Corporate Services - £131,483
 Strategic Director Children's Services – £137,845
 (Interim) Strategic Director Adult and Community Services – £110,278
 Strategic Director – Health and Wellbeing - £131,483
 Strategic Director Regeneration and Culture – £114,518
 Strategic Director Environment and Sport –£114,518
 Strategic Director – Place - £131,483
 Interim City Solicitor – £135,600*
 City Solicitor - £91,933
 Director West Yorkshire Pension Fund – £97,342
 Director of Public Health – £99,910
 Director of Human Resources – £97,342
 Assistant Director of the Office of the Chief Executive £83,282

Annualised Salary for 2015-16

Chief Executive – Kersten England - £178,476
 Acting Chief Executive – Suzan Hemingway - £178,476
 Director of Finance – £110,000
 Strategic Director Children's Services – £136,480
 Strategic Director Adult and Community Services – £115,486
 Interim Strategic Director Adult & Community Services – £107,086
 Strategic Director Regeneration and Culture – £111,283
 Strategic Director Environment and Sport –£111,283
 Acting City Solicitor – £92,808
 Interim City Solicitor - £135,600*
 Director West Yorkshire Pension Fund – £96,378
 Director of Public Health – £99,910
 Director of Human Resources – £96,378

*The Interim City Solicitor was in post from 7 March 2016 to 19 May 2016. The annualised salary has been calculated based on the daily rate paid for the Interim City Solicitor. The City Solicitor started on 16 May 2016.

- B The following amounts were paid in 2016-17 for election duties and are included in salaries.
Chief Executive – Kersten England - £27,150 (£13,704 2015-16)
City Solicitor - £3,768 (£0 2015-16)
Acting Chief Executive – Suzan Hemingway £0 (£13,521 2015-16)
Acting City Solicitor £0 (£3,867 2015-16)
- C The Strategic Director – Health and Wellbeing started on 12 September 2016. The post of Strategic Director – Health and Wellbeing superseded the post of Interim Strategic Director Adult & Community Service.
- D The Director of Finance, Strategic Director Environment and Sport and Strategic Director of Regeneration and Culture roles operated from 1 April 2016 to 2 January 2017. On 3 January the Director of Finance became the Strategic Director Corporate Services. Also on 3 January the Strategic Director Environment and Sport became the Strategic Director Place. The costs shown for the Strategic Director Corporate Service and Strategic Director Place are from 3 January to 31 March.
- E The post of Assistant Director – Office of the Chief Executive started on 3 January and the costs shown are from the 3 January to 31 March.

Notes relating to Senior Officers Remuneration 2015-16 only below:

- F The Chief Executive started in post on 3 August 2015.
- G The Acting Chief Executive left the post on 2 August 2015.
- H The Strategic Director - Adult & Community Services left the post on 30 June 2015.
- I The Interim Strategic Director - Adult & Community Service started this post on 1 July 2015.
- J The Interim City Solicitor started this post on 7 March 2016.
- K The Acting City Solicitor left the post on 6 March 2016.

Exit Packages

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

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

Compulsory Redundancies				
Number of Exit Packages 2015-16	Cost to Council 2015-16	Cost Bandings	Number of Exit Packages 2016-17	Cost to Council 2016-17
	£			£
26	217,309	£0 - £19,999	11	79,250
5	116,750	£20,000 - £39,999	1	24,308
5	243,588	£40,000 - £59,999	1	57,938
0	0	£60,000 - £79,999	1	69,592
0	0	£80,000 - £99,999	1	91,739
0	0	£100,000 - £149,999	0	0
0	0	£150,000 - £199,000	0	0
36	577,647	Total	15	322,827

Other Departures				
Number of Exit Packages 2015-16	Cost to Council 2015-16	Cost Bandings	Number of Exit Packages 2016-17	Cost to Council 2016-17
	£			£
127	791,970	£0 - £19,999	84	697,502
20	564,684	£20,000 - £39,999	18	506,249
7	332,236	£40,000 - £59,999	9	451,790
7	457,618	£60,000 - £79,999	7	599,804
6	528,451	£80,000 - £99,999	4	357,734
4	460,104	£100,000 - £149,999	5	571,922
0	0	£150,000 - £199,000	0	0
171	3,135,063	Total	127	3,145,000

Note 34. Capital Charges and the Repayment of External Loans

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

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

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

In their place, the Council is required to make a statutory minimum revenue provision for the repayment of debt. A change was made to the MRP policy in 2016-17 and this was approved by Council at its meeting on the 25th February 2016. The Council has based the 2016-17 statutory general fund minimum revenue provision on asset life method calculated on an equal instalment basis for supported borrowing and on the asset life method for unsupported borrowing.

The MRP for 2016-17 is £24.376m (2015-16 £32.162m).

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

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure of £4.306m in 2016-17 (£6.706m in 2015-16) is not shown in the Comprehensive Income and Expenditure Account but is charged to the General Fund and shown in the Movement in Reserves Statement.

Profit or Loss on the Disposal of Assets and Investments

Profits or losses arising on the disposal of assets are charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The loss on disposal of £126.559m in 2016-17 is made up of £131.788m from the de-recognition of assets and £5.229m in capital receipts. There was a loss on disposal in 2016-17 largely because of schools that were de-recognised from assets when they converted to Academies. The Council does not receive capital receipts when schools convert to academies.

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

Note 35. Leases

Council as Lessee

Finance Leases

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

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

31 March 2016 Finance Leases as Lessee	31 March 2017
£000	£000
97 Other land and Buildings	72
932 Vehicles, Plant, Furniture and Equipment	371
1,029 Total	443

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

31 March 2016 Finance Lease liabilities (net present value of minimum lease payments)	31 March 2017
£000	£000
277 Current	143
657 Non-current	303
141 Finance costs payable in future years	64
1,075 Total Minimum Lease Payments	510

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2016	31 March 2017	31 March 2016	31 March 2017
	£000	£000	£000	£000
Not later than one year	333	174	277	143
Later than one year and not later than five years	742	336	657	303
Later than five years	0	0	0	0
	1,075	510	934	446

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

The Council has sub-let some of the Industrial Units held under the finance lease. As at the 31 March 2017 the forecast rental income for 2017-18 is £26,000.

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

Operating Leases

The Council has entered into a number of operating leases for buildings, vehicles, photocopiers and office equipment. The amount charged under these arrangements in the Comprehensive Income and Expenditure Statement during 2016-17 was £2.3m (£2.4m 2015-16).

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

31 March 2016		31 March 2017	
£000		£000	
2,033	Not later than one year	1,234	
4,534	Later than one year and not later than five years	1,802	
2,525	Later than five years	2,573	
9,092	Total	5,609	

Council as Lessor

Finance Leases

The Council has leased out two properties respectively for 999 and 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 2016	Finance lease debtor (net present value of minimum lease payments)	31 March 2017
£000		£000
0	Current	0
223	Non-current	223
2,667	Unearned finance income	2,634
2,890	Gross Investment in the Lease	2,857

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2016	31 March 2017	31 March 2016	31 March 2017
	£000	£000	£000	£000
Not later than one year	32	26	32	26
Later than one year and not later than five years	154	154	154	154
Later than five years	2,704	2,677	2,704	2,677
	2,890	2,857	2,890	2,857

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

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

Operating Leases

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

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

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

31 March 2016		31 March 2017	
£000		£000	
2,585	Not later than one year	2,996	
4,990	Later than one year and not later than five years	6,604	
67,457	Later than five years	68,788	
75,032	Total	78,388	

The minimum leases payments receivable do not include rents that are contingent on events after the lease was entered into, such as income based on a percentage of income receipts. In 2016-17 £0.568m contingent rents were receivable by the Council (2015-16 £0.503m).

Note 36. Private Finance Initiative (PFI)

BSF Phase 1 – Provision of three schools

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

2015-16 £000	BSF Private Financing Initiative	2016-17 £000
	Charges to Net Cost of Services	
	Unitary Payments to the Contractor for services provided	
4,323		4,169
4,323	Total charges to the revenue account	4,169
	Net Operating Expenditure	
6,535	Interest element of finance lease payments	6,529
	Movement in Reserves Statement	
2,362	Capital element of finance lease	2,408
13,220	Total PFI charges	13,106
	Financed By	
9,005	Government PFI Revenue Grant	9,005
4,509	Education	4,487
236	Council and Schools contribution	0
13,750	Total Financing	13,492
530	Transfer to BSF PFI Reserve	386

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 Trusts. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 9.

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The figures used to calculate PFI balances include indexation. Estimated cash payments remaining to be made under the PFI contract at 31 March 2017 are as follows:

Year	Unitary Charge £000	Principal £000	Interest £000	Service charge and life cycle costs £000
Within 1 year	12,008	2,343	6,070	3,595
2-5	49,326	10,725	22,027	16,574
6-10	64,819	18,106	21,526	25,187
11-15	68,761	27,386	13,555	27,820
16-20	19,793	10,065	1,853	7,875
Total	214,707	68,625	65,031	81,051

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:

2015-16 £000	Analysis of Outstanding Liability for BSF Phase 1	2016-17 £000
73,394	Balance outstanding at 31 March	71,032
-2,362	Payments during the year	-2,407
71,032	Balance outstanding at year end	68,625

The closing value of assets held under the scheme at 31 March 2017 was £19.254m (£19.677m 31 March 2016) 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 2017 were £68.625m (£71.032m at 31 March 2016). The decrease of £2.407m is due to payments during the year.

BSF Phase 2

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

2015-16 £000	BSF Private Financing Initiative	2016-17 £000
	Charges to the Revenue Account	
13,317	Unitary Payments to the Contractor for services provided	8,719
13,317	Total charges to the revenue account	8,719
	Net Operating Expenditure	
12,142	Interest element of finance lease payments	11,843
	Statement of Movement on the General Fund Balance	
5,923	Capital element of finance lease	5,924
31,382	Total PFI charges	26,486
	Financed By	
18,296	Government PFI Revenue Grant	18,297
8,522	Education	8,602
4,257	Council and Schools contribution	0
31,075	Total Financing	26,899
-307	Transfer to BSF PFI Reserve	413

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

Year	Unitary Charge £000	Principal £000	Interest £000	Service charge and life cycle costs £000
Within 1 yr	25,130	5,868	11,535	7,727
2-5	103,052	20,901	44,137	38,014
6-10	135,012	28,423	52,324	54,265
11-15	142,742	32,186	46,137	64,419
16-20	119,075	29,899	30,964	58,212
Total	525,011	117,277	185,097	222,637

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

2015-16 £000	Analysis of Outstanding Liability for BSF Phase 2	2016-17 £000
129,124	Balance outstanding at 31 March	123,201
-5,923	Payments during the year	-5,924
	Capital Expenditure incurred in the year	
123,201	Balance outstanding at year end	117,277

The closing value of assets held under the scheme at 31 March 2017 was £26.639m (£40.044m £2015-16) in respect of the BSF Phase 2 scheme. The assets used to provide services at the schools are recognised on the Council's Balance Sheet, as regards one Foundation School and one Special School. The liabilities (i.e. the total principal repayments due over the life of the scheme) due on these assets at 31 March 2017 were £117.277m (£123.201m 31 March 2016).

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 £42.893m, per Note 9 page 46 and the total liabilities are £185.902m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £143.009m. This reduces the Council's Net Assets as shown in its Balance Sheet, on page 23, by £143.009m.

Note 37. Capital Expenditure and Financing

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

2015-16 £000		2016-17 £000
	Capital Expenditure and Capital Financing Requirement	
679,271	Opening Capital Financing Requirement	665,655
	Capital investment	
60,203	Property, Plant and Equipment	49,606
-212	Aborted cost on prior year capital expenditure	0
0	Investment properties	0
336	Intangible Assets	316
333	Heritage Assets	521
54	Asset Held for Sale	0
9,965	Revenue Expenditure funded from Capital under statute	11,555
	Sources of Finance	
-5,119	Capital Receipts Applied	-6,416
-39,980	Government grants and other contributions	-38,636
-6,706	Sums set aside from revenue	-4,306
-329	Donated assets	-500
-8,715	Repayment of Principal on PFI and Other Finance Leases	-8,943
-23,262	MRP/loans fund principal	-15,256
0	Miscellaneous other	0
-184	Payments of Principal on Long-Term Liabilities	-177
665,655	Closing Capital Financing Requirement	653,419
	Explanation of movements in year	
	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	
-14,120		-12,358
504	Assets acquired under finance leases	122
0	Assets acquired under PFI contracts	0
-13,616	Increase/ (decrease) in Capital Financing Requirement	-12,236

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

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

There was no balance brought forward at the start of the year. The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £11.555m (£9.965m in 2015-16). Grants of £8.696m funded this in year REFCUS expenditure (£4.222m in 2015-16), including £3.792m transferred from the Capital Grants Unapplied reserve (£3.111m in 2015-16).

Note 39. Other Long Term Liabilities

The total deferred liabilities at 31 March 2017 are £1,012.286m compared to a total of £891.280m at 31 March 2016. The main liability is in respect of the actuarially calculated pension liability which is £129.733m higher at 31 March 2017 when compared to 31 March 2016.

Other significant liabilities are:

a) PFI principal repayments due over the remaining life of the BSF Phase 1 and Phase 2 contracts. The total outstanding PFI liability as at 31 March 2017 was £185.902m (£194.233m at 31 March 2016), of which £177.691m is a deferred liability and £8.2m a creditor in respect of the 2017-18 principal repayment.

b) former West Yorkshire Waste Management Joint Committee debt. This is managed on the Council's behalf by Wakefield Metropolitan District Council. The deferred liability outstanding at 31 March 2017 was £4.085m (£4.255m at 31 March 2016).

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

2015-16 £000	Other Long Term Liabilities	2016-17 £000
700,142	Pension Liability	829,875
	BSF	
68,625	Phase 1	66,282
117,277	Phase 2	111,409
4,085	Waste Management Joint Committee Debt	3,921
1,151	Other	799
891,280		1,012,286

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £185.902m. As with all the Long-Term liabilities and current liabilities, the liability of £185.902m impacts on the Balance Sheet by reducing the net assets of the authority. However, this liability is matched with a government grant for Phase 1 of £9.005m and £18.296m for Phase 2, totalling £27.301, see Note 45, page 90. The Phase 1 grant will be paid until 2033 and the Phase 2 grant will be paid until 2036.

Note 40. Deferred Income

There was no deferred income in 2016-17.

Note 41. Related Party Transactions

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

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

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

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

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

The 2016-17 financial year was the third year of operation. The value of its financial transactions is expected to expand in future years.

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

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

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

Business Rates Pool - The Business Rates Pool comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York and Harrogate. Councils currently receive a 49% share of Business Rates, replacing direct government funding. The Pool redistributes levy income that would otherwise be paid over to Central Government.

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

The Council has the following Related Party Disclosures:

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

Central Government

The UK Government provides the statutory framework within which the Council operates, provides the majority of Council funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties. Details of Government grants for revenue purposes are set out in Note 45 which identifies the cash grants received in the year for inclusion in the Cash Flow Statement (page 24).

Members

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

The Council's Leader is a member of the West Yorkshire Combined Authority. The Council contributed £23.981m in revenue funding to the Transport Committee of the West Yorkshire Combined Authority in 2016-17 and received from the Committee a capital grant of £8.2m, see Other Public Bodies below.

The Council's Leader is also a member of the West Yorkshire Joint Services, Archives, Archaeology and Trading Standards Committee. The Council contributed £0.796m revenue funding towards West Yorkshire Joint Services in 2016-17. The Employees' Remuneration Note 33 can be viewed on p75.

The register of Members' interests is held by the Member Support Section within City Hall, Bradford and is available for public inspection as required by the code of conduct adopted by the Council in accordance with section 51 of the Local Government Act 2000 and the Local Authority (Model Code of Conduct) (England) Regulations 2001, made under section 50 of that Act. Chief Officers were requested to complete a voluntary declaration of any relevant transactions with the Council or between the Council and third parties with which they have some relationship. This resulted in there being no other material transactions to disclose. The Members' Allowances Note 32 can be viewed on p75.

Chief Officers

The Pension Fund has an investment in Montanaro European Smaller Companies Fund Plc, which at 31 March 2017 was valued at £24.67m, which has an original cost of £4.9m. There has been no investment activity with the Fund during 2016-17. The Director of West Yorkshire Pension Fund is a non-executive director of Montanaro European Smaller Companies Fund Plc, for which a fee is received.

West Yorkshire Pension Fund

The Council administers the West Yorkshire Pension Fund. In 2016-17 it charged the Fund £0.347m in respect of support services provided (£0.438m in 2015-16). The charge includes financial, legal and IT services.

Other Public Bodies

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

2015-16 £000	Other Public Bodies	2016-17 £000
	Payment of precepts	
7,627	West Yorkshire Fire and Rescue Authority	7,971
18,363	Police and Crime Commissioner West Yorkshire	19,485
1,265	Parish Councils	1,407
25,693	Payments to joint committees, joint services and other bodies	*25,562
23	Parish Councils (running expenses and allotment grants)	5

*Includes a revenue contribution of £23.981m to the Transport Committee of the West Yorkshire Combined Authority. In addition, the Council received a £8.2m (£8.6m in 2015-16) capital grant payment from the same Committee.

Subsidiary and Associated Companies

The Council had financial relationships in 2016-17 with the following companies. Their assets and liabilities are not included in the Council's accounts. Transactions with the companies in 2016-17 were:

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

CBMDC Building Schools for the Future Ltd, (6015434) is a private limited company and a wholly owned subsidiary of Bradford Council. It was incorporated on 30 November 2006 with the sole purpose to make a loan to Integrated Bradford LEP Fin Co One Ltd (5797779). The outstanding balance as at 31 March 2017 was £81,000 (31 March 2016 £84,000).

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

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

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

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

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

In 2016-17 the Council received a £0m interim dividend from our 10% investment in Integrated Bradford LEP (£0m 2015-16)

CBMDC Building Schools for the Future Ltd, (6015434) is a wholly owned subsidiary of Bradford Council. It was incorporated on 30 November 2006 with the sole purpose to make a loan to Integrated Bradford LEP Fin co One Ltd (5797779). The company's financial accounts are available from Financial Services, Britannia House, Hall Ings Bradford BD1 1HX.. In addition, the Bradford District Apprenticeship Training Agency (8424557) was incorporated on 28 February 2013. However, as at 31 March 2017, there is no material activity.

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

Joint Arrangements

The Council has identified that it is involved in 8 (8 in 2015-16) Joint Arrangements. One of these is the Yorkshire Purchasing Organisation.

The remaining 7 Joint Arrangements are known collectively as the West Yorkshire Services Committee. Individually these comprise: West Yorkshire Archaeology Advisory Service, Archaeological Service, West Yorkshire Archive Service, West Yorkshire Ecology, West Yorkshire Materials Testing Service, West Yorkshire Public Analyst and West Yorkshire Trading Standards. In 2016-17 the Council included its contribution of £0.796m to these arrangements (£0.979m in 2015-16) in the Comprehensive Income & Expenditure Statement but has not included its share of the assets and liabilities on the grounds of non-materiality.

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

Note 42. External Audit Costs

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

2015-16 External Audit Costs	2016-17
£000	£000
185 External audit services	185
17 Certification of grant claims and returns	20
48 West Yorkshire Pension Fund	48
3 Fees for other services	0
253 Total	253

Note 43. Dedicated Schools Grant (DSG)

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

New disclosure requirements in 2014/15 require the Council to show any in year DSG adjustments made by the DfE.

Bradford was allocated £503.657m, see the table below:

Dedicated Schools Grant	2015-16			2016-17		
	Total	Central Expenditure	Individual Schools Budget (ISB)	Total	Central Expenditure	Individual Schools Budget (ISB)
	£000	£000	£000	£000	£000	£000
Final DSG before Academy Recoupment	501,397			503,657		
Academy Recoupment	-117,432			-170,526		
Total DSG after Academy Recoupment	383,965			333,131		
Plus DSG b/f from previous year	4,994			887		
DSG carry forward to following year agreed in advance	0	0	0	0	0	0
Agreed Budget Distribution	*388,959	19,332	369,627	334,018	19,643	314,375
In Year Adjustments	-683	0	-683	0	0	0
Final Budgeted Distribution	388,276	19,332	368,944	334,018	19,643	314,375
Less Actual ISB deployed to schools	368,944	0	368,944	19,185	0	314,375
Less Actual Central Expenditure	18,445	18,445	0	19,185	19,185	0
Carry Forward	887	887	0	458	458	0
Carry Forward agreed in Advance	0	0	0	0	0	0
Total Carry Forward	887	0	0	458	0	0

*The DSG after Academy Recoupment of £333.131m less the previous year in year adjustment of £0.683m, total £332.448m, per the amount shown for the DSG in Note 45, page 90.

Note 44. Contingent Liabilities and Assets

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

Equal Pay Claims

Single Status is the process of job evaluation and harmonisation of former officer and manual worker terms and conditions, which dates from the 1997 Single Status agreement. A contingent liability is needed for unexpected consequences of the equal pay legislation. However, no provision has been set aside as at 31 March 2017 (Please see Provisions, Note 20, p54).

Employment Tribunal

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

Municipal Mutual Insurance Limited (MMI Ltd)

Prior to 1992, the Council's public liability and employers liability insurance were supplied by MMI Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Arrangement. 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%, and the Council paid £0.455m out of the opening provision for this amount. An additional levy was triggered for a further 10% on 1 April 2016, for which a provision was set aside as at 31 March 2017 (Please see Provisions, Note 20, p54).

Pension Fund Guarantees

The Council has agreed, subject to limitations, to guarantee the pension fund deficit of various bodies. Based on the 2013 actuarial valuations, there is no overall net liability to the Council, although it is recognised that in the future this position could change.

Partnership Organisation

The Council withdrew from a partnership organisation. This gave rise to an additional pension liability of £0.226m as at 31 March 2015, which was subsumed into the Council's overall pension liability.

PFI BSF Phase 1 Asbestos Compensation Claim

The main contractor responsible for delivery of the PFI BSF Phase 1 scheme has claimed for compensation for extra costs incurred in dealing with asbestos during construction of the scheme. The potential liability is being considered by the Council's legal and technical advisers for the scheme.

Search Fees

A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council agree to settle and some costs were settled in 2016/17. It is possible that additional claimants may come forward to submit claims for refunds. An amount of £0.1m is set aside within provisions for refund of search fees (Please also see Provisions, Note 20, p54).

Compensation Claim

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

The Council is also in discussions with a specific school with regards to a potential compensation claim.

Indemnity

The Council has provided an indemnity up to a value of £0.2m.

Note 45. Grant Income

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

The Council credited the following grants, and donations to the Comprehensive Income and Expenditure Statement in 2016-17:

	2015-16	2016-17
	£000	£000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	383,802	332,448
Rent Allowance Subsidy	174,330	170,152
Public Health	39,082	44,016
Pupil Premium	27,365	23,431
PFI Revenue Support	27,301	27,301
Education and Schools	27,323	23,145
Education Services	7,788	6,182
NHS Adult Social Care	15,135	10,711
Care Act	2,288	0
Independent Living Fund	1,633	2,067
Revenue Expenditure Funded from Capital under Statute (REFCUS)	1,111	4,848
Council Tax reduction & housing benefits administration	3,805	3,524
Miscellaneous under £500k	1,913	945
Safer Communities	2,992	2,494
Troubled Families	1,754	1,776
Regional Growth Fund	272	0
Contribution to cost of Business Rates collection	738	754
Youth Training	961	865
European Union	625	213
Adoption Grant	462	871
Local Reform & Community Voices	309	314
Asylum Accommodation	291	226
Arts, Heritage & Leisure	107	551
Total	721,387	656,834
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	107,391	83,947
Top Up Grant	56,568	57,040
New Homes Bonus Grant	9,644	11,444
Small Business Rates and other Section 31 grants	8,217	7,532
Local Services Support Grant	165	104
Total	181,985	160,067

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances shown below are included in the Balance Sheet in Capital Grants Receipts in Advance under Long Term Liabilities and the amounts at year end are as follows:

	2015-16	2016-17
	£000	£000
Capital Grants Receipts in Advance		
Developer's contributions	8,047	8,361
Total (See Balance Sheet p23)	8,047	8,361

Note 46. Impairment Losses

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

There were no impairment losses during the year.

Note 47. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, lending, soft loans, financial guarantees and bank deposits of the Council.

With effect from 1 April 2007 local authorities were required to adopt the accounting standards for financial instruments IAS 32, IAS 39 and IFRS 7. This means that most financial instruments (whether borrowing or investments) have to be valued in the Balance Sheet on a fair value basis using the effective interest rate (EIR) method.

In addition to help identify, quantify and inform on the exposure to and management of risk, financial instruments are required to be shown at 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 other motive in their negotiations other than to secure a fair price. In the following tables and notes the significance of financial instruments for the Council's financial position and performance will be explained.

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

Types of Financial Instruments

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

	Long-term		Current	
	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000
Investments				
Loans and receivables (Principal amount)	0	0	81,222	67,251
Accrued Interest	0	0	54	13
Equity Investments	1	1	0	0
Available for sale financial assets	0	0	0	10,014
Total Investments	1	1	81,276	77,278
Debtors				
Loans and receivables	1,433	1,484	24	22
Financial assets carried at contract amounts	0	0	27,047	34,136
Total Debtors	1,433	1,484	27,071	34,158
Borrowings				
Financial liabilities at amortised cost (Principal amount)	310,706	326,826	29,635	17,212
Accrued Interest	0	0	3,551	3,623
Total Borrowings	310,706	326,826	33,186	20,835
Other long term liabilities				
PFI and finance lease liabilities	186,559	177,994	8,609	8,354
Total other long term liabilities	186,559	177,994	8,609	8,354
Creditors				
Financial liabilities carried at contract amounts	0	0	34,421	29,365
Total creditors	0	0	34,421	29,365

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

Fair value of Financial Instruments

Some of the Council's financial assets are measured on the Balance Sheet at fair value. The Council holds £10m in certificates of deposit with Tor Dom Bank and Rabbobank. The fair value has been calculated by using published price quotations.

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

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

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

The fair values calculated are as follows:

2015-16 Carrying amount £000	2015-16 Fair value £000	Fair value of liabilities carried at amortised cost at 31 March	2016-17 Carrying amount £000	2016-17 Fair value £000
288,925	380,497	PWLB Loans	288,888	394,528
43,137	54,289	LOBO's	43,121	63,369
0	0	Other loans	400	400
3,551	3,551	Short term borrowing	3,623	3,623
3,523	3,523	Cash overdrawn	7,042	7,042
4,434	6,029	Other local authorities re joint services	4,256	6,201
322	322	Other	331	331
195,168	195,168	PFI and finance lease liabilities	186,348	186,348
34,421	34,421	Financial liabilities at contracted amounts	29,365	29,365
573,481	677,800	Total Liabilities	563,374	691,207

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2017) arising from a commitment to pay interest to lenders above current market rates.

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

An alternative valuation technique for PWLB loans is where the value is calculated to be equivalent to the cost of the early repayment of outstanding PWLB debt. But if the Council were to seek to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging an additional premium for the additional interest that will not now be paid. If this method of valuation had been used in 2016-17 the fair value would be calculated as £447.207m.

2015-16 Carrying amount £000	2015-16 Fair value £000	Fair value of assets carried at amortised cost at 31 March	2016-17 Carrying amount £000	2016-17 Fair value £000
7,238	7,238	Investments	11,011	11,011
74,038	74,038	Investments – cash and cash equivalents	56,253	56,253
1	1	Equity Investments -Integrated Bradford Local Education Partnership (LEP) Ltd	1	1
1,457	1,579	Debtors – loans and receivables	1,506	1,646
27,047	27,047	Financial assets at contracted amounts	34,136	34,136
109,781	109,903	Total Financial Assets	102,907	103,047

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

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

Gains and losses on financial instruments

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

2015-16 £000	Recognised gains and losses	2016-17 £000
	Recognised in the Comprehensive Income and Expenditure Statement	
	Financial assets: Loans and receivables	
-1,381	Interest income	-1,060
-1,381	Total income in surplus or deficit on the provision of services	-1,060
	Financial Liabilities measured at amortised cost	
20,290	Interest payable	19,947
18,753	Interest Payable on PFI and Finance leases	18,431
	Recognised in Other Comprehensive Income and Expenditure	
39,043	Total expense in surplus or deficit on the provision of services	38,378

Nature and extent of risks arising from financial instruments

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

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

Overall procedures for managing risks

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

The annual Treasury Management Strategy which incorporates prudential indicators was approved by Council on 22 March 2016 and is available on the Council's website. Actual performance is also reported after each year.

a. Credit Risk

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

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

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

Investment limits

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

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

The full Investment Strategy for 2016-17 was approved by Full Council on 22 March 2016 and is available on the Council's website.

Customers for goods and services are assessed, dependent on materiality, taking into account their financial position, past experience and other factors as appropriate. A bad debt provision has been included in the accounts, to take account of the risk of non-payment (see note 18). As at 31 March 2017, the Council had a balance owing from its customers (mainly service and rent) of £26.363m (£27.047m 31 March 2016). The exposure to default has been assessed and is reflected in a bad debt (or impairment) provision of £11.823m.

At the year end the Council held investments of £77.278m, made up of £21.025m Investments and £56.253m Cash and Cash Equivalents. The Council's maximum exposure to credit risk in relation to the above balances cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2017 that any losses were likely to crystallise. The Council has not suffered any historical experience of default on any deposits with financial institutions, and does not expect to suffer any defaults on any of its existing deposits and therefore there is no requirement for any impairment of financial assets to be made.

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

b. Liquidity Risk

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

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

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

c. Refinancing and Maturity Risk

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

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

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

31 March 2016	Total Borrowing	31 March 2017
£000		£000
	Source of loan and interest rate range :	
288,925	Public Works Loan Board (3.7% to 10.25%)	288,888
43,137	Commercial Banks (3.2% to 4.5%)	43,121
0	Other - WYCA	400
332,062		332,409
	Analysis of loans:	
	Short Term Borrowing	
25,935	Maturing in less than 1 year	10,000
	Long Term Borrowing	
38,431	Maturing in 2 - 5 years	33,942
43,715	Maturing in 5 - 10 years	55,088
57,396	Maturing in 10 - 15 years	52,857
166,585	Maturing in more than 15 years	180,522
306,127	Total Long Term Borrowing	322,409
332,062	Total Borrowing	332,409

The total borrowing shown on the Balance Sheet, page 23, of £336.032m, calculated by adding together short term (£13.623m) and long term borrowing (£322.409m), includes accrued interest of £3.623m, per accounting regulations. Accrued interest is not included in the above table.

d. Market Risk

Interest rate risk

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

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

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

According to this investment strategy, if interest rates had been 1% higher at 31 March 2017 with all other variables held constant, the financial effect would be:

31 March 2016	Effect of 1% increase in interest rates	31 March 2017
£000		£000
0	Increase in interest payable on variable rate borrowings	0
-728	Increase in interest receivable on variable rate investments	-597
0	Increase in government grant receivable for financing costs	0
-728	Impact on Surplus or Deficit on the Provision of Services	-597

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

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

Price Risk

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

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 48. Trust Funds and Custodial Money

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

£32,600 (£69,573 at 31 March 2016) is also held on behalf of clients who are in residential care. The assets shown below are not owned by the Council and are not included in the Balance Sheet.

Balance 31 March 2016	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2016-17	Income 2016-17	Balance 31 March 2017
£		£	£	£
	Education charities:			
597,865	Charles Semon Educational Foundation	4,027	13,247	607,085
532,331	Bradford area	5,913	16,593	543,011
434,520	Keighley area	1,886	21,130	453,764
12,054	Housing charities	1,749	2,887	13,192
299,197	Charities for the Blind	0	10,755	309,952
1,875,967		13,575	64,612	1,927,004

For those Trust Funds where the Council acts as sole trustee and which at 31 March 2017 had net assets of over £50,000, further details regarding the purpose of the charity and its financial performance are set out below.

Trust Fund and Charity Registration Purpose Number		Net increase/ - decrease in funds in 2016-17	Balance at 31 March 2017
		£	£
Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	9,220	607,085
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	19,668	445,201
Royd House Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	5,367	139,238
Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	2,862	221,304
Littlemoor Queensbury (519426)	Maintenance of Public Park & Recreation Ground for the benefit and use of Queensbury and the general public	1,553	61,540

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.

2015-16 £000	2015-16 £000	2015-16 £000	Collection Fund Statement	2016-17 £000	2016-17 £000	2016-17 £000	
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total	
Income							
-183,714	0	-183,714	Due from Council Tax payers (excluding benefits)	-191,914	0	-191,914	Note 1
127	0	127	Due in respect of Council Tax benefits	74	0	74	
0	-142,510	-142,510	Due from Business Rate payers	0	-148,579	-148,579	Note 2
-183,587	-142,510	-326,097	Total Income	-191,840	-148,579	-340,419	
Expenditure							
Precepts:							
150,097	0	150,097	Bradford Council	159,950	0	159,950	
7,627	0	7,627	West Yorkshire Fire and Rescue Authority	7,971	0	7,971	
18,363	0	18,363	Police & Crime Commissioner for West Yorkshire	19,485	0	19,485	
Business Rates:							
0	69,916	69,916	Payment to Central Government	0	74,822	74,822	
0	1,398	1,398	Payment to West Yorkshire Fire and Rescue Authority	0	1,496	1,496	
0	68,518	68,518	Payment to Bradford Council	0	73,325	73,325	
0	738	738	Costs of Collection	0	741	741	
0	703	703	Transitional Protection Payments	0	347	347	
2,592	3,041	5,633	Write-offs of Uncollectable Amounts	2,959	3,977	6,936	
0	10,034	10,034	Settlement of Appeals	0	4,730	4,730	
1,853	197	2,050	Contribution to / from (-) Provision for Losses on Bad & Doubtful Debts	144	-1,178	-1,034	Note 3
0	-3,120	-3,120	Contribution to / from (-) Provision for Losses on Appeals	0	-439	-439	Note 4
Distribution of Collection Fund Surplus/Repayment of Deficit:							
2,000	203	2,203	Bradford Council	2,000	-10,384	-8,384	
101	4	105	West Yorkshire Fire and Rescue Authority	102	-212	-110	
244	0	244	Police & Crime Commissioner for West Yorkshire	245	0	245	
0	208	208	Central Government	0	-10,596	-10,596	
182,877	151,840	334,717	Total Expenditure	192,856	136,629	329,485	
-710	9,330	8,620	Net movement (surplus (-)/deficit) in the fund balance	1,016	-11,950	-10,934	Note 5
Movements on the Collection Fund Balance							
-2,393	14,551	12,158	Balance at beginning of year	-3,103	23,881	20,778	
-606	4,572	3,966	Bradford's share of surplus (-) /deficit for the year	870	-5,855	-4,986	Note 5
-104	93	-11	Preceptors' share of surplus (-) /deficit for the year	146	-120	26	Note 5
0	4,665	4,665	Central Government's share of surplus (-) /deficit for the year	0	-5,975	-5,975	Note 5
-3,103	23,881	20,778	Balance at end of year	-2,087	11,931	9,844	
Allocated to:							
-2,642	11,702	9,060	Bradford Council	-1,773	5,846	4,073	
-135	239	104	West Yorkshire Fire and Rescue Authority	-93	119	26	
-326	0	-326	Police & Crime Commissioner for West Yorkshire	-221	0	-221	
0	11,940	11,940	Central Government	0	5,966	5,966	
-3,103	23,881	20,778		-2,087	11,931	9,844	

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 £1,403.74 in 2016-17 (£1,351.60 in 2015-16) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2016-17 was 133,505 (130,280 in 2015-16). The tax base for 2016-17 was approved at the Executive meeting on 12 January 2016 and was calculated as follows:

2015-16 Band D Equivalent	Band	2016-17 Number of chargeable dwellings	Multiplier	2016-17 Band D Equivalent
53	A*	88	5/9	49
36,859	A	56,800	6/9	37,866
26,538	B	34,970	7/9	27,199
28,422	C	32,420	8/9	28,817
15,070	D	15,385	9/9	15,385
13,262	E	11,100	11/9	13,567
7,623	F	5,319	13/9	7,683
5,461	G	3,383	15/9	5,639
469	H	237	18/9	475
133,757	Total Band D equivalent			136,680
-3,477	Adjustment for estimated losses on collection			-3,175
130,280	Council Tax Base			133,505

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

The Council collects business rates on behalf of central government for its area. The rate in the pound of rateable value is set by central government. There are two multipliers: the small business non-domestic rating multiplier of 48.4p (48.0p in 2015-16) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 49.7p (49.3p in 2015-16) includes the supplement to pay for small business relief.

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

The business rates shares payable for 2016-17 were estimated before the start of the financial year as £74.822m to Central Government, £1.496m to WYFRA and £73.325m to Bradford Council. These sums have been paid in 2016-17 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2016-17 was £148.579m (£142.510m in 2015-16). This sum includes £0.347m of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £386,685,649 for 2016-17 (£388,095,364 for 2015-16).

Note 3. Provision for Council Tax and Business Bad Debts

In 2016-17, the total provision for Council Tax bad debts was increased by £0.144m, from £13.905m to £14.049m. Of the final balance, 86% is to cover Council Tax owed to the Council. The remaining 14% is to cover amounts owed to major preceptors.

In 2016-17, the total provision for Business Rates bad debts was decreased by £1.178m, from £6.128m to £4.949m. Of the final balance, 49% is to cover Business Rates owed to the Council. The remaining 51% is to cover amounts owed to Central Government (50%) and West Yorkshire Fire and Rescue Authority (1%).

Note 4. Provision for Losses on Appeals

From 1 April 2013, the Council shares 49% of the risks and rewards of the income from Business Rates. The Council could potentially receive a shortfall in income from changes in the valuations of commercial premises, following appeals to the Valuation Agency. In 2016-17, the provision for losses on outstanding appeals was reduced by £0.439m, from £12.239m at 31 March 2016 to £11.800m at 31 March 2017. The Council's 49% share of the £11.800m provision was £5.782m.

Note 5. Collection Fund Balance

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

An overall surplus of £10.934m arose in 2016-17 (£8.620m deficit in 2015-16), of which the Council's share was a surplus of £4.986m (£3,966m deficit in 2015-16); Central Government's share was a surplus of £5.975m (£4,665m deficit in 2015-16); and the preceptors share a deficit of £0.026m (£0.011m surplus in 2015-16).

Note 6. Leeds City Region Pooling Arrangement

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

West Yorkshire Pension Fund

Restated 2015-16 £000	Fund account	2016-17 £000	Note
	Dealings with members, employers and others directly involved in the Fund		
372,724	Contributions receivable	382,610	6
20,371	Transfers in	22,632	7
23,475	Non-statutory pensions and pensions increases recharged	22,667	8
416,570		427,909	
-456,101	Benefits payable	-472,524	9
-23,475	Non-statutory pensions and pensions increases	-22,667	8
-20,733	Payments to and on account of leavers	-20,129	10
-500,309		-515,320	
-9,389	Management expenses	-10,278	13
-93,128	Net additions/(withdrawals) including management expenses	-97,689	
	Returns on investments		
314,619	Investment income	341,464	15
-3,538	Taxes on income	-6,399	
-329,255	Profit and losses (-) on disposal of and changes in value of investments	2,180,570	17
3,008	Stock lending	3,404	17c
49	Underwriting commission	0	
-15,117	Net return on investments	2,519,039	
-108,245	Net Increase (decrease) in the net assets available for benefits during the year	2,421,350	
11,319,225	Opening net assets of the scheme	11,210,980	
11,210,980	Closing net assets of the scheme	13,632,330	

Management expenses and profit and loss on disposal of and change in value of investment figures now include transaction costs in line with CIPFA disclosure guidelines. The figures for reporting period 2015-16 have been restated to reflect these costs.

2015-16 £000	Net assets statement	2016-17 £000	Note
	Investment assets		
1,129,723	Bonds	1,212,644	17
7,896,646	Equities (including convertible shares)	9,926,738	17
580,259	Index-linked securities	656,523	17
1,389,330	Pooled investment vehicles	1,600,718	17
6,500	Direct Property	7,000	17
126,100	Cash deposits	136,580	17
40,689	Other investment balances	37,934	17
	Investments liabilities		
-5,950	Other investment balances	-5,873	17
11,163,297	Investments at 31st March	13,572,264	
	Current assets		
50,345	Debtors	47,605	20
8,763	Cash balances (not forming part of the investment assets)	32,549	
	Current liabilities		
-11,425	Creditors	-20,088	21
47,683	Net current assets and liabilities	60,066	
11,210,980	Net assets of the scheme at 31st March	13,632,330	

The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2017. This financial statement shows the net value of assets owned by the Fund, the actuarial calculation of the present value of promised retirement benefits is provided in note 12.

Note 1. Operations and Membership

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

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

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

The scheme is governed by the Public Service Pensions Act 2013.

The Fund is administered in accordance with the following secondary legislation:

- **The Local Government Pension Scheme Regulations 2013 (as amended)**
- **The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)**
- **The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016**

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

Participating employers – There were 422 participating employers at 31st March 2017 (404 employers as at 31st March 2016) whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2017 is 284,820 (31st March 2016 is 278,951).

2015-16 Profile of membership	2016-17
100,927 Active members	101,881
82,966 Pensioner members	86,334
95,058 Members with preserved pensions	96,605
278,951 Total members	284,820

Benefits payable – On 1st April 2014, LGPS pensions became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is increased annually in line with Consumer Prices Index. Prior to April 2014 pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below:-

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

Note 2. Actuary's Report

Introduction

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

Actuarial Position

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

Plus

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

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

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

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

The assets were valued at market value.

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

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) Core Projections Model released with Working Paper 91 with Core assumptions (CMI_2016_Proposed2015), with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.3	25.1
Future pensioners aged 45 at the valuation date	22.9	26.9

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
9. This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon Hewitt Limited 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.

10. The report on the actuarial valuation as at 31 March 2016 is available on the Fund's website at the following address:
http://www.wyprf.org.uk/Member/Publications/Valuation/WYPRF/Valuation_WYPRF_Index.aspx

Aon Hewitt Limited

April 2017

Note 3. Accounting policies

Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2016/17 financial year and its financial position at year-end as at 31 March 2017. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

Contributions

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

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

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

Transfers in and out of the Fund

Transfer values represent amounts received and paid during the period for individual and bulk transfers that came into, or out of the Fund. These are calculated in accordance with the Local Government Pension Scheme Regulations 2013.

Transfers in or out, including bulk transfers, are accounted for when received or paid, which is normally when the member liability is accepted or discharged.

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

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative expenses

All administrative expenses are accounted for on an accruals basis. 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 therefore increase or reduce as the value of the investments change. The fees of the external advisors increase by RPI on an annual basis.

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

Actuarial present value of promised retirement benefits

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

Cash and cash equivalents

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

Financial liabilities

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

Investment income

Interest income

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

Property related income

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

Dividend income

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

Distribution from pooled funds

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

Movement in the net market value of investments

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

Taxation

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

Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date with the exception of any assets classified as loans and receivables, which are stated at nominal value.

A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 18). For the purpose of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Additional voluntary contributions (AVCs)

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

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

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

Currency translation

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

- a) Foreign currency purchases are translated into Sterling at the actual purchase rate, all commissions are charged as expense to management costs.
- b) Proceeds of sales of foreign assets are translated into Sterling
 - If there have been transactions in the same currency in the last 30 days, then the latest recorded transaction rate is used.
 - Else the mid-market rate on the date of receipt is used.
- c) Purchase of foreign investments are translated into Sterling using the rate at which the foreign currency was purchased or translated to Sterling.
- d) Balance of foreign currency income accounts are moved to capital account using the mid-market rate on the date of movement.
- e) Dividends from foreign investments are translated into Sterling using the mid-market rate on the date of receipt.
- f) When currency is sold we use the actual sale rate and commissions are charged to management expense.

Acquisition costs of investments

Acquisition costs of investments are included in the purchase price.

Netting

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

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

And

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

Contingent liabilities and contractual commitments

A contingent liability arises when an event has taken place that gives the Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources would be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Assets Statement but disclosed in a note 24 to the accounts.

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

Investment transactions

Investment transactions occurring up to 31 March 2017 but not settled until later are accrued in the accounts.

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

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

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

a) Fair value of financial instruments

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

b) Retirement benefit obligations

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

Note 5. Events after the Balance sheet date

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

Two types of events can be identified:

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

There have been no such events since 31 March 2017, and up to the date when these accounts were authorised that require any adjustments to these accounts.

Note 6. Contributions received by category:

Contributions from employers and employees:

2015-16 Analysis of contributions received	2016-17
£000	£000
262,685 Employers	271,661
110,039 Members	110,949
372,724 Total contributions received	382,610

Contributions received by type of employer:

2015-16 Analysis by type of employer	2016-17
£000	£000
48,289 Administering Authority	46,699
283,909 Scheduled bodies	291,872
40,526 Admitted bodies	44,039
372,724 Total contributions received	382,610

Contributions are further analysed by type of contribution:

2015-16 Contributions received by type	2016-17
£000	£000
242,691 Employers normal contributions	247,600
105,659 Employees normal contributions	106,470
4,380 Employees additional contributions	4,479
19,994 Employers deficit contributions	24,061
372,724 Total contributions received	382,610

Employers' contribution rates and deficit contributions

At the triennial valuation (31 March 2013) the Actuary calculated an employer rate for each employer. In addition to this some employers are also required to pay an additional monetary amount to cover any past service deficit, which is recoverable over an appropriate period.

Employees' contribution rates

Employees' contributions are as set out in the LGPS regulations from 1st April 2014, and there are several tiered employee contribution rates. For 2016/17 the rates start at 5.5% payable by employees with salaries up to £13,600 a year, and the highest rate is 12.5% to be paid on salaries over £151,800 a year.

Note 7. Transfers in

2015-16 Transfers in from other pension funds	2016-17
£000	£000
20,371 Individual transfers in from other schemes	22,632
20,371 Total transfers in	22,632

Note 8. Non-statutory pensions and pensions increase recharged

2015-16 Non-statutory pensions and pensions increase recharged	2016-17
£000	£000
23,475 Pensions	22,667

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

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

Note 9. Benefits payable

2015-16 Analysis of benefits payable	2016-17
£000	£000
Funded pensions	
-330,091 Retired employees	-341,574
-27,799 Dependants	-28,573
Funded lump sums	
-87,235 On retirement	-90,006
-10,976 On death	-12,371
-456,101 Total Benefits Payable	-472,524

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

2015-16 Analysis of benefits payable by member body	2016-17
£000	£000
-67,904 Administering Authority	-71,405
-327,330 Scheduled bodies	-337,029
-55,805 Admitted bodies	-58,630
-5,062 Other interested bodies with no pensionable employees	-5,460
-456,101 Total benefits payable	-472,524

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

2015-16 Payments to and on account of leavers	2016-17
£000	£000
-979 Refund of contributions	-1,469
-18,205 Individual transfers out to other schemes	-17,990
-1,549 Bulk transfers out to other schemes	-670
-20,733 Total transfers out	-20,129

Note 11. AVC scheme with Equitable Life, Scottish Widows and Prudential

The Fund provides an AVC Scheme for its contributors, the assets of which are invested separately from the main Fund. The scheme providers are Equitable Life Assurance, Scottish Widows and Prudential, whereby additional benefits are secured on a money purchase basis for those contributors electing to pay additional voluntary contributions.

As advised by the three companies the amounts administered under AVC arrangements are as follows:

2015-16 Additional voluntary contributions	2016-17
£000	£000
24,282 Value of funds at 1 st April	24,212
4,604 Contributions received	5,544
43 Transfers and withdrawals	245
0 Internal transfers	67
-79 Interest and bonuses / change in market value of assets	3,223
-4,641 Sale of investments to settle benefits due to members	-5,001
24,209 Value of fund at 31st March	28,290

The aggregate amounts of AVC investments are:-

2015-16 AVC investments	2016-17
£000	£000
2,772 Equitable Life	2,547
9,779 Prudential	13,278
11,658 Scottish Widows	12,465
24,209 Total	28,290

Note 12. Actuarial present value of promised retirement benefits**Introduction**

The Fund is part of the Local Government Pension Scheme and under IAS 26 it is required to disclose the actuarial present value of promised retirement benefits across the Fund as a whole.

The Fund provides defined benefits, which for membership to 31st March 2017, are based on members' Final Pensionable Pay.

The required valuation is carried out by the Fund Actuary, Aon Hewitt using assumptions derived in the same way as those recommended for individual participating employers reporting pension liabilities under IAS 19. This approach results in a different valuation of liabilities than at triennial funding valuation. The information set out below relates to actuarial present value of the promised retirement benefits in the Fund.

Actuarial present value of promised retirement benefits

Paragraph 6.5.2.7 of CIPFA's Code of Practice on local authority accounting for 2016/17 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2016, together with the results as at 31 March 2013 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

	Value as at 31 st March 2016 £M	Value as at 31 st March 2013 £M
Fair value of net assets	11,211.0	9,940.3
Actuarial present value of the promised retirement benefits	14,085.4	12,259.3
Surplus / (deficit) in the Fund as measured for IAS26 purposes	(2,874.4)	(2,319.0)

Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31st March 2016. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

	31 st March 2016 (% p.a.)	31 st March 2013 (% p.a.)
Discount rate	3.40	4.50
RPI Inflation	2.90	3.40
CPI Inflation	1.80	2.40
Rate of general increase in salaries **	3.05	3.90

* In excess of Guaranteed Minimum Pension increases in payment where appropriate

** In addition, we have allowed for the same age-related promotional salary scales as used at the actuarial valuation of the Fund as at the appropriate date

The assumptions to which the actuarial present value of promised retirement benefits are most sensitive are the discount rate, net of pay and pension increases, and the longevity improvement assumption.

Principal demographic assumptions

Post retirement mortality	31 March 2016	31 March 2013
Males		
Base table	Standard SAPS S2 All Pensioners (S2PMA)	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table *	0	0
Scaling to above base table rates **	105% for current male pensioners 115% for future male pensioners	105%
Allowance for future improvements	Proposed CMI Mortality Projections Model released with Working Paper 91 with Core assumptions ("CMI_2016_Proposed2015") together with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long-term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (currently aged 65)	22.0	22.5
Future lifetime from age 65 (currently aged 45)	22.9	24.7
Females		
Base table	Standard SAPS S2 All Pensioners (S2PFA)	Standard SAPS Normal Health All Amounts tables (S1NFA)
Rating to above base table *	0	0
Scaling to above base table rates **	90% for current female pensioners 90% for future female pensioners	100%
Allowance for future improvements	Proposed CMI Mortality Projections Model released with Working Paper 91 with Core assumptions ("CMI_2016_Proposed2015") together with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long-term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (currently aged 65)	25.1	25.4
Future lifetime from age 65 (currently aged 45)	26.9	27.7

A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

** The scaling factors shown apply to normal health retirements.

	31 st March 2016	31 st March 2013
Commutation	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

Note 13. Management Expenses

Restated		
2015-16 Management expenses		2016-17
£000		£000
-3,818	Administration costs	-3,879
-4,888	Investment Management expenses	-5,562
-683	Oversight and Governance	-837
-9,389	Total administrative expenses	-10,278

This analysis of the costs of managing West Yorkshire Pension Fund during the accounting period has been prepared in accordance with CIPFA guidance. The Investment management expenses above includes £19k in respect of performance-related fees paid (2015/16 £32k) and also a statutory audit fee of £48k (2015-16 £48k). No other fees have been paid to the external auditor.

Investment management expenses (2015/16) have been restated in order to account for £1,890k transaction costs to be consistent with 2016/17 costs. Transaction costs are included to comply with CIPFA guidance.

Note 14. Investment expenses

Restated		
2015-16 Investment expenses		2016-17
£000		£000
-2,573	Internal management costs	-2,582
-1,890	Transaction costs	-2,503
-425	Custody fees	-477
-4,888	Total	-5,562

Investment management expenses (2015/16) have been restated in order to account for £1,890k transaction costs to be consistent with 2016/17 costs. Transaction costs are included to comply with CIPFA guidance.

Note 15. Investment income

2015-16 Investment income		2016-17
£000		£000
41,343	Income from bonds	42,986
246,768	Dividends from equities	269,985
5,451	Income from index-linked securities	3,653
19,408	Income from pooled funds	23,492
415	Income from Direct Property	416
1,234	Interest on cash deposits	932
314,619	Total investment income	341,464

Analysis of investment income accrued

	2016	2017	2016	2017	2016	2017	2016	2017
	UK	UK	NON UK	NON UK	GLOBAL	GLOBAL	TOTAL	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Bonds	9,703	9,047	1,964	1,953	0	0	11,667	11,000
Equities	24,668	16,784	1,135	239	0	0	25,803	17,023
Index Linked Securities	245	756	95	77	0	0	340	833
Pooled Investment Vehicles	0	0	0	0	0	0	0	0
Direct Property Holdings	311	220	0	0	0	0	311	220
Cash & Cash equivalents	396	247	0	0	0	0	396	247
Total	35,323	27,054	3,194	2,269	0	0	38,517	29,323

Note 16. Direct Property Holdings

2015-16 £000	Investment expenses	2016-17 £000
6,000	Opening balance	6,500
	Additions:	
25	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
475	Net Increase/ decrease in market value	500
0	Other changes in fair value	0
6,500	Closing value	7,000

Note 17. Investments

Movement in the value of investments in 2016-17

Investments	Opening value at 1 st April 2016 £000	Purchases costs £000	Sales proceeds £000	Change in market value £000	Closing value at 31 st March 2017 £000
Bonds	1,129,723	249,506	-236,606	70,021	1,212,644
Equities	7,896,646	660,380	-444,688	1,814,400	9,926,738
Index-linked securities	580,259	63,913	-77,003	89,354	656,523
Pooled Funds	1,389,330	55,500	-50,407	206,295	1,600,718
Direct Property	6,500	0	0	500	7,000
Cash deposits	126,100	10,480	0	0	136,580
Other investment assets	40,689	0	-2,755	0	37,934
Other investment liabilities	-5,950	77	0	0	-5,873
Total investments	11,163,297	1,039,856	-811,459	2,180,570	13,572,264

Comparative movements in the value of investments for 2015-16

Investments	Opening value at 1 st April 2015 £000	Restated Purchases costs £000	Restated Sales proceeds £000	Restated Change in market value £000	Closing value at 31 st March 2016 £000
Bonds	1,096,230	240,122	-195,662	-10,967	1,129,723
Equities	7,974,012	705,255	-435,536	-347,085	7,896,646
Index-linked securities	608,117	124,716	-153,779	1,205	580,259
Pooled Funds	1,354,482	72,799	-65,068	27,117	1,389,330
Direct Property	6,000	25	0	475	6,500
Cash deposits	181,000	0	-54,900	0	126,100
Other investment assets	41,056	0	-367	0	40,689
Other investment liabilities	-6,000	50	0	0	-5,950
Total investments	11,254,897	1,142,967	-905,312	-329,255	11,163,297

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Purchases and Sales have been restated to reflect the impact of transaction costs which occurred during 2015/16.

a. Analysis of Investments by security type

2015-16 Analysis of investments closing market values £000	2016-17 £000
Bonds::	
657,199 Public sector quoted	706,031
453,431 Other quoted	498,420
19,093 Unquoted	8,193
1,129,723	1,212,644
Equities:	
7,156,337 Quoted	8,908,077
740,309 Unquoted	1,018,661
7,896,646	9,926,738
Index linked securities:	
558,032 Public sector quoted	643,661
22,227 Other quoted	12,862
580,259	656,523
Pooled investment vehicles:	
228,660 Hedge funds	254,255
542,902 Property	582,292
617,768 Other	764,171
1,389,330	1,600,718
6,500 Direct Property	7,000
Cash deposits:	
126,100 Sterling	136,580
40,689 Other Onvestment assets	37,934
-5,950 Other Investment liabilities	-5,873
11,163,297 Total	13,572,264

b. Concentration of Investments

Statement of Recommended Practice for Pension Funds (SORP) and Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 require disclosure where there is a concentration of investment which exceeds either 5% of the total value of the net assets of the scheme or of class of security. No single investment exceeds 5% of the value of the scheme.

Those which exceed 5% of a class of security are listed below:

2015-16 Single investments with a value of greater than 5% of the asset class £000	2016-17 £000
Bonds:	
56,836 Treasury 3.25% 2044	80,668
Index linked securities:	
35,280 Treasury 2022	n/a
35,367 Treasury 2024	38,922
41,144 Treasury 2026	45,783
93,397 Treasury 2029	78,101
n/a Treasury 2030	67,610
58,241 Treasury 2034	48,027
39,026 Treasury 2040	74,940
38,945 Treasury 2044	44,166
Managed and Unitised Funds:	
77,644 Aurum ISIS Sterling Fund	81,902
n/a Aurum WYPF Mgd	82,416
83,249 QIP Ltd	89,032
n/a Jupiter India Select	100,215
Direct Property	
6,500 Aldermanbury House	7,000

n/a = no investments

c. Stock Lending

2015-16 Analysis of stock lending		2016-17
£000		£000
52	Income	- Bonds 91
1,020		- UK equities 950
1,993		- International equities 2,451
-57	Expenditure	-88
3,008	Total	3,404

At 31 March 2017, £1.2 billion of stock was on loan to market makers, (31 March 2016 £915.0m) and this was covered by collateral totalling £1.3 billion, (31 March 2016 £974.0m). The collateral comprised of UK & International Government Bonds £668.3m, (31 March 2016, £362.2m) International Equities £344.1m, (31 March 2015, £411.5m), UK Equities £257.6m, (31 March 2016 £199.8m), Cash £0.0m (31 March 2016 £0.3m) and Certificates of Deposit £0.0m (31 March 2016, £0.4m). All our securities out on loan are fully indemnified by HSBC our custodian.

Note 18 .Fair Value – Basis of valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Listed investments are shown at bid prices. The bid value of the investments is based on the bid market quotation of the relevant stock exchange.	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investment-overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published - closing single price where single price is published. Valuations for Property Funds are provided by Fund managers and where available closing bid price is used.	NAV - based pricing set on a forward pricing basis	Not required
Pooled investments - hedge funds	Level 3	Closing bid price where bid and offer prices are published - closing single price where single price is published	These are based on the net asset values provided by the fund managers. Values are normally received by West Yorkshire Pension Fund 30 days after the month end to which they relate. The values reported in the financial statements are therefore based on February month end values, adjusted according to estimates of investment fund performance in March, as informed by fund managers. We gain assurance over valuations provided by fund managers by comparing valuations to funds' audited accounts' Net Asset Values.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value at the year end by CBRE independent valuers-in accordance with the RICS Valuation – Professional Standards global January 2014 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015)	Existing lease terms - Independent market research - Nature of tenancies - Estimated growth - assumed vacancy levels - discount rate	Changes in rental growth, vacancy levels or discount rates could affect valuations as could changes to market prices

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
		<i>("the Red Book")</i> .		
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	These are based on valuations provided by the general partners to the private equity funds in which West Yorkshire Pension Fund has invested. They are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are performed annually and mainly as at the end of December. Cashflow adjustments are used to roll forward the valuations to 31 March as appropriate	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described in the table above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31st March 2017.

	Assessed valuation range (+/-)	Value at 31 March 2017	Value on increase	Value on decrease
		£m	£m	£m
Pooled investments - hedge funds	10%	254.3	279.7	228.9
Freehold and leasehold properties	10%	7.0	7.7	6.3
Private equity	15%	993.8	1,142.8	844.7

	Assessed valuation range (+/-)	Value at 31 March 2016	Value on increase	Value on decrease
		£m	£m	£m
Pooled investments - hedge funds	10%	228.7	251.5	205.8
Freehold and leasehold properties	10%	6.5	7.2	5.9
Private equity	15%	715.6	822.9	608.3

Financial instruments – valuation

Valuation of financial assets carried at fair value.

The valuations of financial assets have been classified into three levels according to the quality and reliability of information used to determine the fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Financial assets classified as level 1 comprise quoted equities, quoted bonds (fixed interest securities), quoted index linked securities and unit trusts.

Level 2

Level 2 valuations are those where quoted market prices are not available, for example where the financial asset is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Financial asset classified as level 2 are 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, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The table below provides an analysis of the financial assets and liabilities of the Fund that are carried at fair value in the Fund's Net Asset Statement, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

	31 st March 2017			Total
	Level 1	Level 2	Level 3	
Financial assets	£m	£m	£m	£m
Financial assets at fair value through profit & loss	11,533	590	1,273	13,396
Loans and receivables	175	0	0	175
Total financial assets	11,708	590	1,273	13,571
Financial liabilities				
Financial liabilities at amortised cost	-6	0	0	-6
Total financial liabilities	-6	0	0	-6

Valuation hierarchy as at 31st March 2016

	31 st March 2016			Total
	Restated Level 1	Restated Level 2	Restated Level 3	
Financial assets	£m	£m	£m	£m
Financial assets at fair value through profit & loss	9,465	562	969	10,996
Loans and receivables	166	0	0	166
Total financial assets	9,631	562	969	11,162
Financial liabilities				
Financial liabilities at amortised	-6	0	0	-6
Total financial liabilities	-6	0	0	-6

Note 19. Financial instruments – classification

The following table analyses the carrying amounts of the financial assets and liabilities by category and by net asset statement heading as at 31st March 2017

	Classified as at fair value through profit & loss	Loans and receivables	Financial assets/liabilities at amortised cost	Total financial assets / liabilities
Financial Assets	£000	£000	£000	£000
Bonds	1,212,644	0	0	1,212,644
Equities	9,926,738	0	0	9,926,738
Index-linked securities	656,523	0	0	656,523
Pooled investment vehicles	1,600,718	0	0	1,600,718
Cash deposits (Investments)	0	136,580	0	136,580
Cash balances (not forming part of the investment assets)	0	32,549	0	32,549
Other investment balances		37,934	0	37,934
Debtors	0	47,605	0	47,605
Total financial assets	13,396,623	254,668	0	13,651,291
Financial Liabilities				
Other investment balances		0	-5,873	-5,873
Creditors	0	0	-20,088	-20,088
Total financial liabilities	0	0	-25,961	-25,961

All net gains or losses on financial instruments are on those classified as financial assets at fair value through profit or loss.

Comparative of Financial instrument classification as at 31st March 2016

	Classified as at fair value through profit & loss	Loans and receivables	Financial assets/liabilities at amortised cost	Total financial assets / liabilities
Financial Assets	£000	£000	£000	£000
Bonds	1,129,723	0	0	1,129,723
Equities	7,896,646	0	0	7,896,646
Index-linked securities	580,259	0	0	580,259
Pooled investment vehicles	1,389,330	0	0	1,389,330
Cash deposits (Investments)	0	126,100	0	126,100
Cash balances (not forming part of the investment assets)	0	8,763	0	8,763
Other investment balances	0	40,689	0	40,689
Debtors	0	50,345		50,345
Total financial assets	10,995,958	225,897	0	11,221,855
Financial Liabilities				
Other investment balances	0	0	-5,950	-5,950
Creditors	0	0	-11,425	-11,425
Total financial liabilities	0	0	-17,375	-17,375

All net gains or losses on financial instruments are on those instruments classified as financial assets at fair value through profit or loss.

Note 20. Current assets

2015-16 Current assets (Debtors) £000	2016-17 £000
Debtors	
26,382 Contributions due from employees and employers	26,158
23,963 Other debtors	21,447
50,345 Total current assets	47,605

Further analysis by type of body:

2015-16 Current assets by type of body £000	2016-17 £000
55 Central government bodies	34
42,959 Other local authorities	40,080
55 NHS bodies	53
1,161 Public corporations and trading funds	1,177
6,115 Bodies external to general government	6,261
50,345 Total current assets	47,605

Note 21. Current liabilities

2015-16 Current liabilities £000	2016-17 £000
Creditors	
-6,206 Unpaid benefits	-7,098
-5,219 Other current liabilities	-12,990
-11,425 Total current liabilities	-20,088

Further analysis by type of body:

2015-16 Current liabilities by type of body £000	2016-17 £000
-4,247 Central government bodies	-4,622
0 Other local authorities	-8,000
0 NHS bodies	0
0 Public corporations and trading funds	0
-7,178 Bodies external to general government	-7,466
-11,425 Total current liabilities	-20,088

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 2016/17, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £347,130 in respect of support services provided (£438,136 in 2015/16). The support costs for 2016/17 included a full year support for financial, legal and information technology services and a part year charge for accommodation

Employers

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in Note 27 of the Annual report. Contributions in respect of March 2017 payroll are included within the debtors figure in note 20.

UK Central government bodies

The UK Government is a related party as it provides the statutory framework within which the Pension Fund operates. Balances outstanding with the Central government bodies are included within notes 20 and 21.

Members

The metropolitan councils of Bradford, Leeds, Kirklees, Wakefield and Calderdale appoint a number of members to the Investment Advisory Panel and the Joint Advisory Group. Six of these members are in receipt of pension benefits from the Fund. There have been no material transactions between any member or their families and the Pension Fund.

Key management personnel

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

IAS 24 requires entities to disclose key management personnel compensation. The Fund has identified key management personnel as the Director West Yorkshire Pension Fund and the Chief Executive of Bradford Council. The combined compensation for these officers, attributable to West Yorkshire Pension Fund, is £119,064 (2015/16 £117,964). Details of the remuneration for these two posts are included in Note 33 of the City of Bradford Metropolitan District Council's statement of accounts.

The Fund has an investment in Montanaro European Smaller Companies Fund plc, which at 31st March 2017 was valued at £24.67m (£19.2m 31st March 2016), and has an original cost of £4.9m. There has been no investment activity with the Fund during 2016/17. Rodney Barton, the Director, West Yorkshire Pension Fund, is a non-executive director of Montanaro European Smaller Companies Fund plc, for which he is paid a fee.

Note 23. Nature and extent of risks arising from financial instruments**Risk and risk management**

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension Fund risk management programme.

The management of risk is set out in the Fund's Statement of Investment Principles, which in turn is driven by the Funding Strategy Statement. The full text of these statements can be found at the end of this document and also at www.wyprf.org.uk

The Investment Principles are managed by the Investment Advisory Panel, whose responsibility it is to ensure that the Fund's investment portfolio, which is managed in-house, agrees with policy and strategy with regard to asset allocation.

The Fund routinely monitors all risks in accordance with the Fund's risk management strategy.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund's equity holdings are spread across more than 300 UK companies, and almost 900 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. Mercer Investment Consulting completed an Investment Strategy Review for WYPF in 2008, and this has provided details of the risks associated with adopting the fund-specific benchmark and variations to it.

Custodian risk is controlled through continuous monitoring and periodic review of the custodial arrangements.

Risk is also monitored in relation to the funding position of the Fund and the investment requirements that flow from it, in conjunction with the Fund's actuary.

Counter-party and cash management risk is controlled by the in-house investment management team through the setting of appropriate limits for exposure with any individual organisation.

b) Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short is unlimited.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund's investment strategy.

Price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. Riskier assets such as equities will display greater potential volatility than bonds for example, so the overall outcome will depend largely on asset allocation. The Fund has determined that the following movements in market price risk are reasonably possible for the 2016/17 reporting period.

Asset type	2016-17	2015-16
	Potential market movement +/- (%pa)	Potential market movement +/- (%pa)
UK equities	9.2	10.4
Overseas equities	8.3	9.6
UK gilts	6.3	6.1
UK corporate bonds	4.7	4.8
UK index-linked	7.5	7.3
Overseas bonds	9.0	9.1
Alternatives (universe)	3.1	4.4
Property	0.7	1.7
Cash	0.3	0.0

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years.

This can then be applied to the period end asset mix as follows:

Asset type	Value as at 31 st March 2017	Percentage change	Value on increase	Value on decrease
	£000		£000	£000
UK Equities	4,740,451	9.2	5,176,572	4,304,330
Overseas Equities	5,186,287	8.3	5,616,749	4,755,825
UK Gilts	507,332	6.3	539,294	475,370
UK Corporate bonds	440,171	4.7	460,859	419,483
UK Index-Linked	592,134	7.5	636,544	547,724
Overseas bonds	329,530	9.0	359,188	299,872
Alternatives (universe)	1,018,426	3.1	1,049,997	986,855
Direct Property	7,000	0.7	7,049	6,951
UK Properties	503,700	0.7	507,226	500,174
Overseas Properties	78,592	0.7	79,142	78,042
Cash	136,580	0.3	136,989	136,170
Other investment assets	37,934	0.0	37,934	37,934
Other investment liabilities	-5,873	0.0	-5,873	-5,873
Total Investment Assets	13,572,264		14,601,671	12,542,857

Asset type	Value as at 31 st March 2016	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
UK Equities	4,394,978	10.4	4,852,056	3,937,900
Overseas Equities	3,501,668	9.6	3,837,828	3,165,508
UK Gilts	488,485	6.1	518,283	458,687
UK Corporate bonds	402,815	4.8	422,150	383,480
UK Index-Linked	522,880	7.3	561,050	484,710
Overseas bonds	295,802	9.1	322,720	268,884
Alternatives (universe)	846,428	4.4	883,671	809,185
Direct Property	6,500	1.7	6,611	6,390
UK Properties	487,331	1.7	495,616	479,046
Overseas Properties	55,571	1.7	56,516	54,626
Cash	126,100	0.2	126,352	125,848
Other investment assets	40,689	0.0	40,689	40,689
Other investment liabilities	-5,950	0.0	-5,950	-5,950
Total Investment Assets	11,163,297		12,117,592	10,209,003

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2017 and 31 March 2016 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

31 st March 2016	Asset type	31 st March 2017
£000		£000
1,129,723	Bonds	1,212,644
126,100	Cash deposits	136,580
8,763	Cash balances	32,549
1,264,586	Total	1,381,773

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. The assumed interest rate volatility is 100 basis point (BPS) per annum.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset type	Carrying amount as at 31 March 2017	Change in year in the net assets available to pay benefits	
		+100BPS	-100BPS
		£000	£000
Bonds	1,212,644	12,126	-12,126
Cash deposits	136,580	1,366	-1,366
Cash balances	32,549	325	-325
Total change in assets available	1,381,773	13,817	-13,817

Asset type	Carrying amount as at 31 March 2016	Change in year in the net assets available to pay benefits	
		+100BPS	-100BPS
		£000	£000
Bonds	1,129,723	11,297	-11,297

Cash deposits	126,100	1,261	-1,261
Cash balances	8,763	88	-88
Total change in assets available	1,264,586	12,646	-12,646

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The following tables summarise the Fund's currency exposure as at 31 March 2017 and 31 March 2016:

Currency exposure - asset type	Value as at 31 st March 2017	Value as at 31 st March 2016
	£000	£000
Overseas quoted bonds	265,141	238,423
Overseas unquoted bonds	0	0
Overseas quoted equities	4,531,286	3,014,307
Overseas unquoted equities	655,001	487,361
Overseas quoted index linked securities	64,389	57,379
Overseas unit trusts	596,484	473,380
Overseas Property funds	78,592	55,571
Total overseas assets	6,190,893	4,326,421

Currency risk – sensitivity analysis

Following analysis of historical data the Fund considers the likely volatility associated with foreign exchange rate movements to be 6.0%, (2015/16 6.0%).

A 6.0% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Asset type	Value as at 31 st March 2017	Value on increase	Value on decrease
	£000	£000	£000
Overseas quoted bonds	265,141	281,049	249,233
Overseas unquoted bonds	0	0	0
Overseas quoted equities	4,531,286	4,803,163	4,259,409
Overseas unquoted equities	655,001	694,301	615,701
Overseas quoted index linked securities	64,389	68,252	60,526
Overseas unit trusts	596,484	632,273	560,695
Overseas Property funds	78,592	83,308	73,876
Total overseas assets	6,190,893	6,562,346	5,819,440

Asset type	Value as at 31 st March 2016	Value on increase	Value on decrease
	£000	£000	£000
Overseas quoted bonds	238,423	252,728	224,118
Overseas unquoted bonds	0	0	0
Overseas quoted equities	3,014,307	3,195,166	2,833,449
Overseas unquoted equities	487,361	516,603	458,119
Overseas quoted index linked securities	57,379	60,822	53,936
Overseas unit trusts	473,380	501,783	444,977
Overseas Property funds	55,571	58,905	52,237
Total overseas assets	4,326,421	4,586,007	4,066,836

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The credit risk connected with stock lending is managed by holding collateral with a greater value than the amount of stock lent out at any one time. In addition the Fund is fully indemnified by HSBC Securities on stock lending activities. Stock lending and the associated collateral at the year-end are detailed in note 12.

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. Contingent liabilities and contractual commitments

At 31 March 2017 the West Yorkshire Pension Fund had the following un-drawn commitments

	Investment value at 31 st March 2017 £m	Un-drawn commitments £m
Private equity	993.8	756.5
Property funds	582.3	100.3
Total	1,576.1	856.8

At 31st March 2016 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31 st March 2016 £m	Un-drawn commitments £m
Private equity	715.6	440.8
Property funds	542.9	101.8
Total	1,258.5	542.6

Note 25. Accounting Developments

The following accounting standards have been issued but are not applicable for the year ending 31 March 2017.

IFRS 9 Financial Instruments (replacement of IAS 39)

The International Accounting Standards Board completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 Financial Instruments in July 2014.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit or loss (FVTPL).

These changes are not expected to have a significant impact on the Fund.

Note 26. Statement of Investment Principles

The West Yorkshire Pension Fund has prepared a Statement of Investment Principles (SIP) in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999. The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 76A of the Local Government Pension Scheme Regulations 1997 (as amended). Full details of the SIP and the FSS are included in the West Yorkshire Pension Fund Annual Report and Accounts. A copy is also available on the Fund's website www.wyprf.org.uk.

West Yorkshire Pension Fund

Note 27. List of Participating Employers Contributing to the Fund

In 2016/17 456 employers paid contributions into the Fund, at the end of the year there were 422 employers with active members.

BRADFORD MDC

Leeds City Council	Birstall Primary Academy
Calderdale MBC	Bishop Wheeler Catholic Academy Trust
Kirklees Council	Blessed Christopher Wharton Academy Trust
Wakefield MDC	Blessed Peter Snow Catholic Trust (Kirklees)
Abbey Grange CE Academy	Blessed Peter Snow Catholic Academy Trust (Calderdale)
Abbey Park Primary Academy	Bolton Brow Primary Academy
Absolutely Catering Ltd (BGS)	Boothroyd Primary Academy
Accord Multi Academy Trust (Horbury)	Boston Spa School
Accord Multi Academy Trust (Ossett)	Bradford Academy
Ackworth Parish Council	Bradford Birth To 19 Trust
Action For Children (Bradford Council)	Bradford College
Active Cleaning Ltd (Crofton Academy)	Bradford College Education Trust
Addingham Parish Council	Bradford Councillors
Affinity Trust	Bradford Diocesan Academies Trust
Aireborough Learning Partnership Trust	Bradford District Care Trust
Airedale Academy	Bradford District Credit Union
All Saints CE Junior School	Bradford Studio School
Alwoodley Parish Council	Bradford University
Amey Community Ltd (Bradford Bsf Phase 1 Fm Services)	Bradshaw Primary School
Amey Community Ltd (Bradford Bsf Phase 2 Fm Services)	Bramley St Peter's C Of E School
Amey Community Ltd Phase 2 ICT Services	Brighthouse Academy
Amey Infrastructure Services Ltd (Wakefield)	Brighter Futures Academy Trust
Amey LG Ltd (Calderdale)	Brigshaw Learning Partnership
Appleton Academy	British Gas Social Housing Ltd
Aramark Ltd	Bronte Academy Trust (Haworth Primary School)
Arcadis (UK) Ltd	Bronte Academy Trust (Lees Primary School)
Arts Council England	Bronte Academy Trust (Oakworth Primary School)
Aspens Services Ltd	Brooksbank School Sports College
Aspens Services Ltd (Appleton Academy)	Bullough Contract Services (Bingley Grammar School)
Aspens Services Ltd (Leeds East Academy)	Bulloughs Contract Services (Leeds College Of Art)
Aspens Services Ltd (Leeds West Academy)	Bulloughs Contract Services Ltd
Aspire Community Benefit Society Ltd	Bulloughs Contract Services Ltd (Brighthouse Academy)
Aspire-I	Burnley Road Academy
B B G Academy	Buttershaw Business & Enterprise College
Bardsey Primary Foundation School	Cafcass
Barkerend Academy	Calderdale & Kirklees Careers
Barnardos (Askham Grange Prison)	Calderdale College
Barnardos (Bradford Childrens Centre BD5)	Calverley C Of E Primary School
Barnardo's (Leeds Portage)	Care Quality Commission
Batley Girls Academy	Carillion
Batley Grammar School	Caroll Cleaning Company Ltd (Calderdale)
Beech Hill School	Caroll Cleaning Company Ltd (Wakefield)
Beeston Primary Trust	Caroll Cleaning Company Ltd (Whetley)
Bell Lane Academy	Carroll Cleaning Co Ltd (Birkenshaw Primary School)
Belle Isle Tennant Management	Carroll Cleaning Co Ltd (Bolton Brow Academy)
Belle Vue Girls Academy	Carroll Cleaning Co Ltd (Holy Trinity Primary)
Bid Services	Carroll Cleaning Co Ltd (Lapage Primary School)
Bingley Grammar School	Carroll Cleaning Co Ltd (Lee Mount Primary School)
	Carroll Cleaning Co Ltd (St Joseph's Bradford)

Carroll Cleaning Company Limited (Frizinghall)	First West Yorkshire
Carroll Cleaning Company Limited (Thornbury)	Fleet Factors (Limited)
Castle Hall Academy	Foxhill Primary School
Castle Hill Academy Trust	Gawthorpe Community Academy
Castleford Academy	Golcar Junior Infants & Nursery School
Cater Link Ltd (Crigglestone St James Primary Academy)	Greenhead College
Catering Academy	Greenvale Homes Ltd
Caterlink (Grove Lea Primary School)	Greetland Academy
Catholic Care	Groundwork Wakefield
CBRE Managed Services Ltd	Halifax High
Chief Constable For West Yorkshire	Halifax Opportunities
Christchurch CE Academy	Halifax Opportunities Trust (Calderdale)
Churchill Contract Services (Bradford College Security)	Hanson School
Churchill Contract Services (Bradford College)	Harden Primary School
Churhcill Contract Services (BBG Academy)	Havercroft Academy
Clayton Parish Council	Heath View Academy
Coalfields Regeneration	Hebden Royd Town Council
Cockburn School Academy	Heckmondwike Grammar School Academy
Colne Valley High Academy	Hemsworth Academy
Community Accord	Hemsworth Town Council
Compass (Radillion) Leeds PFI Schools	Hepworth Gallery Trust
Compass Contract (Buttershaw School)	High Craggs Academy
Compass Contract Services (Green Lane)	Hill Top First School
Compass Contract Services (SPTA)	Hipperholme & Lighcliffe High School Academy
Compass Contract Services (UK) Ltd	Hollingwood Primary School
Compass Contract Services (UK) Ltd (Chartwells)	Hollybank Trust
Compass Contract Services (UK) Ltd (Minsthorpe Acad)	Holme Valley Parish Council
Compass Contract Services Ltd (Manor Corft)	Holy Trinity Academy
Consultant Cleaners Ltd (WY Fire)	Home Farm Trust
Co-Operative Academy Of Leeds	Honley High School
Cottingley Primary Academy	Horbury Academy
Craft Centre & Design Gallery Ltd	Horbury Bridge CE J & I School
Crawshaw Academy (Red Kite Learning Trust)	Horsforth School Academy
Creative Support Limited	Horsforth Town Council
Crescent Further Education Limited	Horton Housing Association (Bradford)
Crigglestone St James CE Primary Academy	Horton Housing Association (CSL)
Crofton High Academy	Horton Housing Association (OPHRS)
Darrington C Of E Primary School	Huddersfield New College
David Young Community Academy	Huddersfield University
Deighton Gates Primary Foundation School	Hugh Gaitskell Primary School Trust
Denby Dale Parish Council	I S S Facilities Services Ltd
Diamond Wood Community Academy	I S S Mediclean Ltd
Dixons Academies Charitable Trust	Igen
Ebor Gardens Primary Academy	Igen Ltd
Education Leeds Ltd	Ilkley Grammar School Academy
Elite Cleaning & Environmental Services Ltd	Ilkley Parish Council
Engie Services Ltd	Incommunities
English Basketball	Initial Catering Services
Exceed Academies Trust	Initial Facilities Management Ltd
Featherstone Academy	Inspire Partnership Multi Academy Trust
Featherstone All Saints C Of E Academy	Interserve (Facilities Management) Ltd
Feversham College Academy	Interserve (FM) Ltd (P.C.C For West Yorkshire)
Feversham Primary Academy	Interserve Academies Trust Ltd (Crawshaw Academy)
Fieldhead Junior Infant & Nursery Academy	Interserve Project Services Ltd

Iqra Academy	Making Space
Jerry Clay Lane Academy	Manston St James Academy
John Smeaton Academy	Mast Academy Trust
Joseph Norton Academy	Mears Facilities Services (South)
Keelham Primary School	Mears Facilities Services (West)
Keepmoat Property Services Ltd	Mears Ltd
Keighley Town Council	Mellors Catering Services (Southfield Grange)
Khalsa Science Academy	Meltham Town Council
Kids	Menston Parish Council
Killinghall Primary School	Merlin Top Primary Academy
King James School	Micklefield Parish Council
Kirkburton Parish Council	Middleton Primary School Trust
Kirklees Active Leisure	Minsthorpe Academy Trust
Kirklees College	Mirfield Free Grammar Academy
Kirklees Councillors	Mitie (PFI Ltd)
Kirklees Neighbourhood Housing	Mitie Pest Control
Knottingley St Botolphs C Of E Academy	Moor End Academy Trust
Lady Elizabeth Hastings	Morley Town Council
Laisterdyke Leadership Academy	Mount Pellon Primary Academy
Lane End Primary Trust	Myrtle Park Primary School
Learning Accord Multi Academy Trust	N I C Services Group Ltd (Cookridge Holy Trinity School)
Leeds Beckett University	National Assembly For Wales
Leeds Cc Councillors	National Coal Mining Museum
Leeds Centre For Integrated Living	New College Pontefract
Leeds Citizens Advice Bureau	Nic Services Group Ltd
Leeds City Academy	Normanton Town Council
Leeds City College	North Halifax Grammar Academy
Leeds College Of Art & Design	North Halifax Partnership Ltd
Leeds College Of Building	North Huddersfield Trust School
Leeds College Of Music	North Kirklees CAB
Leeds East Primary Partnership Trust	Northern School Of Contemporary Dance
Leeds East-North East Homes	Northorpe Hall Trust
Leeds Grande Theatre & Opera House	Notre Dame 6th Form College
Leeds Groundwork Trust	NPS (NE)
Leeds Housing Concern	NPS Leeds Limited
Leeds Institute For The Blind	Oakbank School
Leeds Jewish Free School	Oakworth First School
Leeds Metropolitan University	Oasis Academy Lister Park
Leeds Mind	Ofsted
Leeds North West Education Partnership	Old Earth Academy
Leeds Racial Equality	One In A Million Free School
Leeds Trinity University College	Open College Network Yhr
Leeds West-North West Homes	Ossett Academy & 6th Form College
Leodis Academies Trust	Ossett Pension (Trust)
Liberty Gas Group Ltd	Otley Town Council
Lidget Green Community Co-Operative Learning Trust	Our Lady Of Victories Catholic Primary Academy
Lightcliffe CE J&I School	Outwood Grange Academy
Lighthouse School	Outwood Primary Academy Kirkhamgate
Lindley C E Infant Academy	Outwood Primary Academy Ledger Lane
Lindley Junior School Academy	Outwood Primary Academy Lofthouse Gate
Locala	Overthorpe C Of E Academy
Longroyde Junior School	Park Lane Learning Trust
LPM Cleaning Ltd	Pennine Housing 2000 Limited
Luddendenfoot Academy	Pinnacle Business Services (Leeds)

Pinnacle Ltd (Kirklees)	South Leeds Academy
Pontefract Academies Trust	South Oseet Infants
Pontefract Education Trust	Southern Electric
Pool Parish Council	Southfield Grange Trust
Priesthorpe School Trust	Southmere Primary Academy
Priestley Academy Trust	Southway At The Rodillian Academy Ltd
Primrose Lane Primary Foundation School	Spen Valley Foundation Trust
Prince Henrys Grammar	Spie Ltd
Prospect Services	Springwell Academy Leeds
Prospects Services (Bradford 3)	St Annes Catholic Primary Academy
Prospects Services Ltd 2012 (Bradford)	St Annes Community Services
Prov Compass Contract Services (SPTA)	St Annes Community Services (Bradford)
Prov Kinsley Academy	St Chads C Of E Primary School
Prov Tns Catering (SPTA)	St Giles Church Of England Academy
Prov Tns Catering Man Ltd (St Botolphs)	St Helens CE Primary Academy
Pudsey Grangefield Trust	St John's (CE) Primary Academy Trust
Rainbow Primary Free School	St Johns CE Primary School
Rastrick High School Academy Trust	St Johns Hostel
Rawdon Parish Council	St Johns Primary Academy Rishworth
Reevy Hill Primary School	St Michael & All Angels School
Ridge Crest Cleaning Ltd	St Michaels CE Academy
Ripon Diocesan C Of E Council For Social Aid-Cardigan House	Suez Recycling And Recovery UK Limited
Ripon House	Swallow Hill Community College Academy
RM Education Plc	Taylor Shaw
Rodillian Academy	Taylor Shaw Ltd (Batley Girls High School)
Rooks Nest Academy	Taylor Shaw Ltd (Fieldhead Grimes Manston)
Rothwell Church Of England Primary Academy	Taylor Shaw Ltd (Parklands Primary)
Royds Community Association	Taylorshaw Ltd (Cookridge Holy Trinity School)
Royds Hall Trust School	Taylorshaw Ltd (Crossgates Beechwood Whitelaith)
Royds Learning Trust	Taylorshaw Ltd (Interserve Crawshaw)
Russell Hall First School	Taylorshaw Ltd (Swarcliffe Primary School)
Ryburn Valley Academy	Temple Learning Academy
Ryecroft Primary Academy	The Anah Project
Ryhill Parish Council	The Beckfoot & Hazelbeck Academy Trust
Salendine Nook Academy Trust	The Bishop Konstant Catholic Trust
Salterlee Academy Tust	The Cathedral C Of E
Samuel Lister Academy	The Crossley Heath Academy Trust
Sandal Magna Community Academy	The Freeston Academy
School Partnership Trust Academies	The Gorse Academies Trust
Schools Lettings Solutions (Freeston Academy)	The John Curwen Co-Operative Primary Academy
Scout Road Academy	The Lantern Learning Trust
Sea Fish Industry	The Maltings Learning Trust
Servest BBG Academy	The Police & Crime Commissioner For West Yorkshire
Shanks Waste Management Ltd	Thornbury Academy
Share Multi Academies Trust	Thornhill Community Academy
Shibden Head Primary Academy	Thornhill Junior And Infant School
Shipley College	Thornton Grammar School
Shirley Manor Primary Academy	Thornton Primary School
Sita UK Ltd	Todmorden Town Council
Sitlington Parish Council	Together Housing Association Ltd (Greenvale)
Skills For Care	Together Housing Association Ltd (Penninne)
South Elmsall Town Council	Tong High School
South Hiendley Parish Council	Tong Leadership Academy
South Kirby & Moorthorpe Town Council	Trinity Academy Halifax

Turning Point	Westwood Primary School Trust
Turning Point (Wakefield)	Wetherby Town Council
United Response	Whitehill Community Academy
University Academy Keighley	William Henry Smith School
University Technichal College Leeds	Wilsden Primary School
Upp Residential Services	Wolseley UK Ltd
Victoria Primary Academy	Woodhouse Grove School
Wakefield & District Housing	Woodkirk Academy
Wakefield City Academy	Woodside Academy
Wakefield College	Worth Valley Primary School
Wakefield Councillors	WRAT - Leeds East Academy
Waterton Academy Trust	WRAT - Leeds West Academy
West End Academy	WY Fire & Rescue
West Vale Primary School	WY Magistrates Court Service
West Yorkshire Combined Authority	Yorkshire Housing Ltd
West Yorkshire Police	Yorkshire Museums
Westborough High School	YPO

This glossary is provided to assist the reader. It offers an explanation of terms in common use in relation to local authority finance, many of which are used within this document.

Accruals

Income and expenditure are recognised as they are earned or incurred. When income is due to the Council but has not been received an accrual is made for the debtor. When the Council owes money but the payment has not been made an accrual is made for the creditor.

Assets Held for Sale

These are assets previously used in the provision of services by the Council which are now available for immediate sale. The assets are being actively marketed and a sale is probable.

Associated Company

A company over which the Council is able to exercise significant influence (see also Group Accounts).

Capital Adjustment Account

The Capital Adjustment Account (CAA) was set up in 2008-9 following UK GAAP accountancy changes and replaces the Capital Financing Account. It is required to ensure that both sides of the Balance Sheet remain in balance, and increases and decreases in asset valuations are credited and debited to this account as appropriate following asset revaluations.

Capital Charges

Charges to services for the use of assets. They comprise depreciation, based on the current value of the assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets, or which adds to, and not merely maintains, the value to the Council of existing fixed assets. Fixed assets provide economic benefits to the Council for a period in excess of one year.

Capital Financing Requirement

A measure defined by the Prudential Code of the Council's level of borrowing for capital purposes. It is based on the Balance Sheet of the Council. It is the basis for calculating the charge to be made to revenue for debt repayment each year (see Minimum Revenue Provision).

Capital Receipts

Income from the disposal of land and other assets and from the repayment of grants and loans made to others for capital purposes. The income can only be used either to finance new capital spending or to reduce the capital financing requirement through the repayment of debt.

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

This document is produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). It defines proper accounting practices for local authorities in the United Kingdom, and is generally abbreviated to 'the Code' in the text. The Code is based on International Financial Reporting Standards.

Collection Fund

The fund deals with the collection and distribution of Council Tax and non-domestic rates. Surpluses may arise from time to time if the amounts collected from Council Tax (and its predecessor, community charge) exceed estimates. Such surpluses cannot be used directly to fund expenditure, but can be taken into account through the budget process and used to reduce Council Tax.

Community Assets

Assets such as parks and historic buildings that the Council intends to hold in perpetuity and that may have restrictions on their disposal.

Consistency

The concept that the accounting treatment of any given item will remain consistent between accounting years and that any necessary change will be made clear to the reader of the statement of accounts.

Contingent Liabilities

These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the Balance Sheet.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Debtors

Sums of money owed to the Council but not received at the end of the year.

Depreciation

A capital charge made to services for the use of fixed assets in the provision of services. It represents the depletion of the useful life of an asset and the consequent reduction in its value.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Consequently, the leased assets are recognised on the Balance Sheet of the lessee.

Financial Instruments

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

Financial Reporting Standards (FRS)

Accounting practice to be followed in the preparation of accounting statements in the years prior to 2010-11. For example FRS17 governs the way in which pension liabilities must be presented in the accounts. From 2010-11 onwards FRS will be fully replaced by IFRS (International Financial Reporting Standards), see below.

General Fund

All services other than those which authorities are required to account for separately in a Housing Revenue Account or Collection Fund.

General Reserves and Balances

Monies held by the Council to deal with unforeseen events that might arise. The Council must maintain a prudent level of such balances.

Group Accounts

Where authorities have material interests in subsidiaries, associated companies or joint ventures they are required to prepare additional group account statements. The group accounts consolidate those interests in subsidiaries, associates and joint ventures with the Council's own accounts to present a complete picture of the Council's activities.

Heritage Assets

These are assets, previously classified as community assets, which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

International Financial Reporting Standards (IFRS)

These are accounting standards issued by the International Accounting Standards Board.

Impairment

A diminution in value of fixed assets resulting from obsolescence, physical damage or general market conditions. The Council undertakes annual reviews of its assets to identify impairment.

Comprehensive Income and Expenditure Statement

This statement is compiled in accordance with IFRS and reports the net cost for the year of the services provided by the Council. It brings together expenditure and income relating to all of the local authority's operations and demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Infrastructure Assets

These are assets such as highways and footpaths.

Investments

These may be long-term investments whose purpose is to produce capital gain and rental income, or the short-term investment of cash balances that may arise from day to day management of the Council's cash flow.

Investment Properties

Land and buildings that are held for capital gain and rental income and not for the provision of services.

Joint Venture

A company or body in which decisions require the consent of all participants (see also Group Accounts).

Liabilities

Amounts due to individuals or organisations and to be paid at some time in the future. Current liabilities are payable within one year of the Balance Sheet date.

Local Area Agreement (LAA)

The LAA is a partnership between the Council and other public bodies whose aim is to work together towards jointly agreed objectives to improve local public services. The Council's LAA partners comprise local health bodies, learning bodies, community groups, housing associations and voluntary associations.

Materiality

An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)

This is the minimum amount of external borrowing that authorities must repay and charge to their revenue accounts each year. It is calculated as a percentage of the Council's capital financing requirement at the start of the year.

Non Current Assets

Assets that yield economic benefits to the Council for a period of more than one year. Examples include land, buildings, vehicles and investment property.

Non-Domestic Rates (NNDR)

These are rates levied on business properties. The level of NNDR charges is set by the Government. The Council receives 49% of the rates levied in the district, central government 50% and West Yorkshire Fire and Rescue Authority 1%.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Operating Leases

Leases other than finance leases. Under operating leases the risks and rewards of ownership remain substantially with the lessor. Consequently, the assets concerned are not included on the Balance Sheet of the lessee.

Property, Plant and Equipment (PPE)

These are non-current assets used directly to deliver the Council's services. The assets comprise land, buildings and plant with a carrying value in the Balance Sheet based on current value in use. PPE also includes equipment like vehicles, which are valued at historic cost.

Precept

The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the Council on their behalf through the Council Tax.

Prior Year Adjustments

Material adjustments applicable to prior period, arising from changes in accounting policies or from other corrections.

Private Finance Initiative (PFI)

A central government initiative that enables authorities to carry out capital projects through partnership with the private sector.

Provisions

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Prudence

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Prudential Code

The Code ensures that authorities borrow only for capital purposes and that they borrow responsibly and at affordable levels. Authorities demonstrate compliance with the code by setting and observing a range of prudential indicators covering the level of capital expenditure, the cost of borrowing and level and structure of its debt.

Related Parties

Individuals, or bodies, who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure

Expenditure on the day-to-day running costs of services, such as the costs of employees, premises, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Amounts properly incurred as capital expenditure, but where no Council asset is created. They are mainly grants or loans made to individuals or organisations for capital purposes, such as improvement grants.

Revenue Reserve

Any sum set aside for a specific revenue purpose.

Revenue Support Grant (RSG)

A general government grant towards the cost of providing services.

Subsidiary

A company or body over which the Council has control or has the right to exercise dominant influence (see also Group Accounts).

UKGAAP

UK Generally Accepted Accounting Principles. This is a framework of accounting standards for financial reporting standards, which have been replaced by International Financial Reporting Standards from 2010-11 onwards.

Acronym	Full Description
AVCs	Additional Voluntary Contributions
BID	Business Improvement District
BDCT	Bradford District Care Trust
BPS	Base Points
BSF	Building Schools for the Future
BMW	Biodegradable Municipal Waste
CAA	Capital Adjustment Account
CCG	Clinical Commissioning Group

CFR	Capital Financing Requirement
CIES	Comprehensive Income & Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CSR	Comprehensive Spending Review
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DRC	Depreciated Replacement Cost
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
EUV	Existing Use Value
FRS	Financial Reporting Standards
FSS	Funding Strategy Statement
GAAP	Generally Accepted Accounting Principles
HRA	Housing Revenue Account
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISB	Individual School Budget
IT	Information Technology
JANES	Joint Arrangement which is not an Entity
LAA	Local Area Agreement
LATS	Landfill Allowances Trading Scheme
LEA	Local Education Authority
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LOBO	Lender Option Borrower Option
MAP	Management Action Plans
MDCs	Metropolitan District Councils
MRP	Minimum Revenue Provision
NEET	Young people Not in Education, Employment or Training
NDR	Non Domestic Rates
NJC	National Joint Council
OJC	Officers' Joint Council
PCT	Primary Care Trust
PFI	Private Funding Initiative
PfS	Partnership for Schools
PPE	Property, Plant & Equipment
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute
RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index

RSG	Revenue Support Grant
SIP	Statement of Investment Principles
SOLACE	Society of Local Authority Chief Executives
WDA	Waste Disposal Authority
WYCA	West Yorkshire Combined Authority
WYPF	West Yorkshire Pension Fund
WYITA	West Yorkshire Integrated Transport Authority
VAT	Value Added Tax
YPO	Yorkshire Purchasing Organisation

ANNUAL GOVERNANCE STATEMENT 2016-17

1. Scope and Purpose**1.1 Scope of Responsibility**

The City of Bradford Metropolitan District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, as well as arrangements for the management of risk.

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Council and its partners are directed and controlled and those activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework has continued in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2. The Governance Framework.

The systems and processes that comprise the Council's governance comprise the following key elements:

2.1 Code of Corporate Governance.

The Council's governance structure will be based on the seven core principles of the new CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

2.2 The Constitution of the Council

The Constitution, reviewed at Annual Council, provides the framework within which the Executive takes decisions in discharge of the Council's functions, subject to the examination of a number of Overview and Scrutiny Committees. The Executive is collectively responsible for the decisions it makes and its decision making arrangements are designed to be open, transparent and accountable to local people.

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

- The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct.
- The Council is committed to maintaining its values and integrity. It has a whistle blowing policy embodied in the Confidential Reporting Code for Employees which can be accessed on the Council's web site.

Demonstrating strong commitment to ethical values

- The Council has approved a Code of Conduct for Elected Members and a procedure for dealing with complaints.
- The Standards Committee's role was retained to have responsibility for overseeing the operation of the Code and for promoting high standards of conduct.

In addition, the Council's Constitution establishes:-

- A protocol on member-officer relations providing rules and guidance for members, co-opted members and officers in their working relations.
- Protocols for members on gifts and hospitality and members' use of Council resources including the use of email and the internet.
- Members and officers have been provided with guidance on the framework within which they are required to undertake their different roles
- Employees are expected to comply with the Council's Code of Conduct for Employees.

Respecting the rule of law

- The Council's Monitoring Officer is required to maintain an up to date version of the Constitution and to make amendments and/or improvements as necessary to take account of changes in legislation, guidance, Council policy, decisions of the Council and the Executive.
- The Monitoring Officer, following consultation with the Chief Executive and the Section 151 Officer, is required to report to the Executive if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. To assist the Monitoring Officer in this role, Legal Services monitor new legislation and disseminate this information to service departments.
- The Section 151 Officer is similarly required to report to the Executive and the Council's External Auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is likely to cause a loss or deficit.
- Each Strategic Director and the Chief Executive are required to confirm in an annual letter to the Section 151 officer that they have taken reasonable steps to ensure compliance with established policies, procedures, laws and regulations, including how risk management is embedded in the Departments. This is underpinned by performing the key control and fraud risk self assessments and levels of non compliance are duly considered.
- The Council has a Counter Fraud Policy and Strategy to protect public funds by actively seeking to deter and prevent fraud, corruption and theft and ensure that all possible risks are minimised.
- The reports of Internal and External auditors consider and inform compliance with regulations, policies and procedures.
- The Council has established internal control procedures designed to support compliance with established policies, practices, laws and regulations and to safeguard the Council's assets and interests from loss
- All reports to Executive must be cleared by a member of the Council's Management Team, the Monitoring Officer and the s151 Officer.

2.4 Ensuring openness and comprehensive stakeholder engagement.

Openness

- The Council has five Area committees to encourage community engagement and participation.
- A principal form of securing dialogue with communities is by establishing and operating neighbourhood and ward forums.
- The Council supports a process of engagement with the District's communities of interests that complements our place based structures.
- Overview and scrutiny arrangements provide for meetings to be open to the public, except where confidential information or exempt information is likely to be disclosed.
- The Annual Statement of Accounts provides a report on the Council's financial activities for the year.
- Financial information, including details of efficiency savings, is reported regularly during the year.
- The Council has published a contracts register (which will be updated quarterly) and a grants register (which will be updated annually) in accordance with the Local Government Transparency Code.

Engaging comprehensively with institutional stakeholders

- The role of the Governance and Audit Committee includes maintaining an overview of the Council's partnership arrangements and overseeing any action plans for improvement arising, for example, from inspection reports.
- The Council has an agreed approach to collective bargaining with the recognised Trade Unions. This is undertaken through consultation and negotiation and is enshrined within the Council's Industrial Relations Framework. The Council takes a partnership approach to Industrial Relations, using the Industrial Relations Framework. This includes regular informal discussions between trade unions and management & formal OJC meetings at all levels across the Council - L1 (Corporate), L2 (Departmental) & L3 (Service).
- Bradford District Partnership (BDP), as the Local Strategic Partner for the area, ensures that the governance arrangements of the family of partnerships function well, in order to support the delivery of the Bradford District Strategy. The BDP reports to the Governance & Audit Committee on governance and functional business matters and to Overview and Scrutiny Committees on topic based performance and delivery.
- The Schools Forum is effective as the place where resource allocation decisions are made between the Council and the District's schools
- To support the Health and Wellbeing Board, governance arrangements for senior leaders and managers in the health and social care economy have been established to oversee the development of integrated health and social care models, and to ensure oversight of the whole system of public and personal health and social care

Engaging with individual citizens and service users effectively

- An extensive programme of consultation on the annual budget generated considerable engagement and input into the establishment of the Council's budget priorities. The consultation raised awareness of the financial and demand challenges facing the district, confirming what matters most to local people and exploring public expectations and aspirations for involvement in future delivery.
- Bradford Council's Citizen Panel was launched in November 2016. The panel consists of approximately 1800 Bradford citizens who fit the demographic profile of the district. Panel members have agreed to complete up to 10 surveys a year that will be electronically distributed through the Council's Snap survey system. The surveys will be designed to capture information on a whole range of different issues that the Council wishes to engage on and the outcome will help to shape local services. The panel has been set up to give people the chance to tell us about the area that they live in, what they think of the services we provide and whether they think we are doing a good job. It will also help us to find out what people think of lots of different projects, strategies and other things that we have planned.
- Publications, media, including social media, the Council's website, App and other publicity arrangements provide communication channels with the district's citizens.
- The Council's website and App provide a communication and wide ranging information link.
- Centres provide easy access to Council services and information.

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

Defining outcomes

- The District Plan has been developed with key partners and partnerships, and builds on the BDP governance review, giving a clear responsibility for each outcome to a specific strategic partnership. The development of the plan also involved overview and scrutiny committee and area committee input.
- The final District Plan was agreed by Bradford District Partnership Board on 22 April 2016. Building on the outcomes and principles established via the Council's New Deal approach it sets out a clear vision and agreed actions over the next four years to 2020.
- A plan for communicating and engaging around the key messages of the plan, and promoting its delivery has been developed after Executive and Full Council sign off in June and July 2016.
- A Council Plan was approved in October 2016 which identifies how the Council will deliver the commitments established in the District Plan.
- A review of Bradford District Partnership arrangements established a clear lead partnership for each of the agreed outcomes that form the Council and District's vision. Each partnership is responsible for a "chapter" of the District Plan.

Sustainable economic, social, and environmental benefits

- The Council is committed to considering the combined economic, social and environmental implications of its decisions through robust data analysis and consultation with affected parties so that its decisions promote the achievement of its vision for the district.
- Reports requiring decisions from Council, Executive and other committees must include a resources appraisal and reference, where applicable, to equality, sustainability and community safety implications.

2.6 Determining the interventions necessary to optimise the achievement of the intended outcomes

Determining interventions

- Decision makers receive accurate, relevant and timely intelligence and performance information to support them with objective and rigorous analysis of options covering intended outcomes, financial impact and associated risks.
- The Council is committed to seeking continuous feedback from citizens and service users in planning changes to service delivery.

Planning interventions

- The Council plans its activity at a strategic level through its budget and business planning cycle. It does so in consultation with internal and external stakeholders.

Optimising achievement of intended outcomes

- The Medium Term Financial Strategy forms part of the Council's planning and performance framework, and provides the context for the more detailed budgeting process.
- The MTFS is refreshed each year, to give a rolling three-year assessment of the fiscal environment, after the close of the previous year, and before the budgeting round commences.
- It sets out key messages for efficient and effective management of the available resources. It aims to provide citizens and stakeholders with an insight into the financial environment the Council operates in.

2.7 Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Developing the entity's capacity

- The Council monitors its governance and staffing structures to support the delivery of planned services.
- Through its budget process the Council ensures that services are prioritised to ensure that resources are directed to those activities that will make the greatest contribution to its vision for the district.
- The Council explores alternative delivery methods such as the establishment of partnerships or other types of collaborative working where it would lead to improved value for money.

Developing the capability of the entity's leadership and other individuals.

- A clear statement of the respective roles and responsibilities of the Executive, the members and senior officers including delegation arrangements and protocols for effective communication of committee decisions, can be found in the Council's constitution.
- Role Profiles for all senior officers detail their key responsibilities
- The Council is committed to supporting members in undertaking their varied and evolving roles and responsibilities. A Member Learning and Development Strategy is in place supported by a Member Development Programme which is run on a quarterly basis by the Human Resources Department.
- The Strategy introduces the key learning and development aims and objectives. It also identifies actions that will be taken to ensure all councillors have access to learning and development opportunities appropriate to their needs. The aim of this is to help councillors carry out their roles efficiently and effectively.
- The Council recognises that alongside members, employees are an important resource - the development of the two goes hand in hand. The Council's workforce development programme provides a focus on effective workforce planning and development, embracing leadership and skills training for all staff.
- During the year a series of management conferences ensured that the Council's senior and middle leadership cadres considered the key challenges ahead.

2.8 Managing risks and performance through robust internal control and strong public financial management

Managing risk

- The Council has adopted a Risk Management Strategy and maintains both corporate and service risk registers which identify actions required to mitigate any risks identified. The registers should be regularly maintained, reviewed and updated. In 2016-17 further work on risk management was required to establish the appropriate reporting structure.
- Risk management training is standard within project management and at particular key stages of project implementation.
- Each Strategic Director and the Chief Executive are required to confirm in an annual letter to the Section 151 officer that they have taken reasonable steps to ensure compliance with established policies, procedures, laws and regulations, including how risk management is embedded in the Departments. This is underpinned by performing the key control and fraud risk self assessments and levels of non compliance are duly considered.
- The Council has a Counter Fraud Policy and Strategy to protect public funds by actively seeking to deter and prevent fraud, corruption and theft and ensure that all possible risks are minimised.
- The Council is committed to providing for business continuity, as detailed in the Civil Contingencies Act 2004, to ensure it can provide all its key functions in the event of an emergency or disruption, so far as is practicable. Assistant Directors lead on business continuity planning within their service areas. The Emergency Management Team has put in place processes that set out the Council's approach to business continuity management.

Managing performance

- The Council uses corporate and departmental service level performance measures to report and manage service delivery.
- The Annual and Mid-year Finance and Outturn Performance Reports, and Quarterly Financial Monitoring Reports, present to the Executive and Corporate Overview & Scrutiny the current and forecast position on performance and finance in relation to the Council's activities. The report sets out the key areas of progress, the key issues, areas for continued attention in relation to the Council's corporate priorities and actions to address any areas of underperformance.
- The Council now has a well established way of measuring productivity and financial activity data to ensure that it is using its resources efficiently and providing value for money.
- A set of Corporate Indicators is in place that focuses on key Council priorities. The Corporate Performance Framework is revised in line with the changes to our performance arrangements. Performance will continue to be monitored through Departmental Management Teams, CMT, Council's Policy Programmes and Change Service within the Chief Executive's department, Executive and Overview & Scrutiny Committees.
- There are service specific customer feedback and user engagement mechanisms in place, and user-specific engagement methodologies such as Learning Disabilities Partnership and Easier Access events that allow the Council systematically to gather customer insight.

Robust internal control

- Under the Articles of the Constitution, the Governance and Audit Committee has a function to consider the effectiveness of the control environment and associated anti-fraud and anti-corruption arrangements.
- The Section 151 Officer has dedicated resources to undertake independent investigations and report on allegations of impropriety.
- The Council has a formal 'Comments, Complaints and Compliments' procedure on the "Contact us" section of the Council's website. All members of the public have the right to complain to the Council in writing, by telephone or by speaking to a member of staff.

Managing data

- A separate and independent information security team supports the Senior Information Risk Owner (SIRO) to discharge his responsibilities in championing an information security culture, establishing policy, practice, process, training, knowledge and technology, and assessing the effectiveness of those arrangements.
- The SIRO is supported by a distributed network of Information Asset Owners (at Assistant Director level) who in turn are supported by department and or system-specific information security managers
- The Bradford team liaises closely with peer function in other public bodies in West Yorkshire and beyond, and with the Information Commissioner's Office (ICO)
- The Council underwent a voluntary audit by the ICO on the procedures supporting subject access requests, training and development and data sharing agreements

Strong public financial management

- The Council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government 2010"
- The Council has effective, robust, financial control governance in place which ensures that budget holders have clear financial accountability, are supported by professional finance advisors, and provided with financial information to plan and control spending, all underpinned to effective financial systems. These arrangements include well-established financial regulations and standing orders. Elected members are appropriately involved in financial governance. In addition, project management disciplines are applied to the planning, monitoring and implementation of each individual budget saving approved by the annual Budget Council. This provides a mechanism by which risks of failure to implement changes and/or deliver savings can be identified and mitigated early in the financial year. These arrangements have ensured that the Council has delivered its annual budget target in the very challenging financial climate of austerity.

2.9 Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing good practices in transparency

- The Council is committed to publishing information, including reports, in a manner which is accessible to citizens and other stakeholders.
- Information is produced in an open and understandable style appropriate to the intended users and method of communication, including web-based and social media.

Implementing good practices in reporting

- The Council seeks to demonstrate to its stakeholders that it has delivered on its commitments and goals and has used public resources effectively in doing so.
- The Finance and Performance Outturn report provides a detailed commentary on the financial and service performance of all Council services.
- The Council has a legal responsibility to conduct, at least annually, a review of the effectiveness of its governance framework including its system of internal control and report the findings in an Annual Governance Report.

Assurance and effective accountability

- Council standing orders for contracts and financial regulations are contained in the Constitution of the Council. They are subject to annual review by officers before approval at the Governance and Audit Committee and adoption by full Council at the annual meeting.
- Key control booklets are maintained by Internal Audit, updated as required and placed on the Council's intranet.
- The Council has 5 Overview and Scrutiny Committees which are required to contribute to the better decision making of the Council, and secure continuous improvement in service delivery.
- Area Committees enable local communities to participate in Council activities.
- Bradford District Partnership board are currently considering how they ensure greater accountability from the partnerships to the Board, via regular reporting on progress at future Board meetings.

3. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment. Confirmations have been obtained from Strategic Directors and the Chief Executive that reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations. They have been asked to confirm that risk management is embedded in their departments, provide a fraud risk assessment and to report, on a three year rolling programme, the level of compliance with key controls that are set out in the Key Control Booklets.

The Council has in place a Governance and Audit Committee, independent of the Executive, to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the Council's control environment which are reported at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an annual Internal Audit Opinion and report regularly to the Governance and Audit Committee as prescribed by Public Sector Internal Audit standards. A number of operational control issues have been identified from this and action is being taken to put improvements in place.

Action plans for improvement are devised and implemented in response to recommendations from External Audit and other statutory agencies and inspectors.

The Council liaises fully and promptly with the Local Government Ombudsman's enquiries into complaints against the Council.

The Council liaises closely with the Information Commissioner's Office in reporting and closing information security risks and incidents, and to ensure it discharges fully its duties under Data Protection legislation and policies.

4. Significant governance issues

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control.

However the Council is not complacent and seeks to continually improve the arrangements it has in place. Whilst recognising improvements to date, the emphasis going forward is to address identified issues and put in place an improvement plan to address known areas of concern. The Governance and Audit Committee will be kept informed of progress.

In the 2015/16 Annual Governance Statement a number of specific risks were identified that have been monitored through the year. Progress on these was reported to the Governance and Audit Committee in a detailed public report on the 24th January 2017. The following sections give a brief update on these risks. Whilst some of these risks have been mitigated during the 2016/17 financial year a number of risks are continuing to be monitored and remain high profile in 2017/18.

5. Governance challenges previously recognised which require continuing review in 2017/18

5.1 Safeguarding Vulnerable Children

A permanent manager has now been recruited to the Safeguarding Children Board and a new board sub group structure put in place that is more fit for purpose moving forward. Robust arrangements at the front door have been reviewed through Joint Area Inspection and found to be good. Progress on CSE has been subject to extensive public and political scrutiny. However a large and growing youth population and rising numbers of vulnerable young people coming into the system, including from outside of the area, mean that safeguarding children remains a challenge

5.2 Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level.

WYCA continues to develop through its Corporate Plan, governance, investments and core activities. Further governance and organisational changes are expected to be brought forward and adopted at the WYCA AGM 29th June 2017. These include those instructed by Government and legislation and additional matters including strengthening the working arrangements of the Local Enterprise Partnership, business involvement and Combined Authority governance and business management. Member involvement is through key nomination and appointment processes, confirmed at the Council's AGM. Members are also kept informed through WYCA and Council core communications and business activities. O&S & Governance and Audit updates are being put in place for 2017-18.

5.3 Impact on governance structures arising from developing policies for the delivery of regional devolution.

Mayoral Combined Authorities came into being following the Mayoral Elections on 4th May 2017. These will bring changes to local government and sub-national governance in the six areas (Greater Manchester, Liverpool City Region, West Midlands, Tees Valley, West of England and Cambridgeshire and Peterborough) alongside existing London arrangements. Bradford Council in cooperation with WY and Leeds City region remain in negotiation with Government on devolution and further powers and resources for place-based prosperity. DCLG have signalled they wish to see agreement reached by the end of 2017. Ensuring the effective voice and profile for Bradford Council, District and the City Region remains a priority, with specific ambitions and concerns to progress. This will also be shaped by the General election, the nature of the new Government and their policy/resource choices in urban and sub-national matters.

5.4 Ensuring an effective, integrated system of health and social care

Accountable Care Boards have been established to govern the development of the two Accountable Care Systems across Bradford District. The Health and Wellbeing Board will oversee the implementation of the Bradford Sustainability and Transformation Plan.

In Bradford it has been agreed that the Council will lead a feasibility study into the legal options for the legal entity to form the Accountable Care System.

Discussions are still ongoing regarding the form in the Airedale, Wharfedale and Craven area.

Providers of services, which include the Council are working together within an agreed memorandum of understanding in Bradford.

5.5 Implications of the European Union referendum

Although Article 50 has now been triggered, the likely terms of the UK's exit deal with the EU are not known. Therefore there is still uncertainty and lack of clarity on future arrangements in respect of trade, migration/movement of citizens, and replacement funding streams. Clarity on the UK's negotiating position is further complicated by the snap General Election held in June 2017. We have ensured that Bradford's Brexit concerns have been heard through different channels in order to support effective lobbying, including at a City Region level, via the LGA and also through the Key Cities network. Officers across the organisation are continuing to monitor risks and opportunities as things develop and we have a continuing dialogue with external partners to understand wider impacts. A report will be taken to Corporate Overview and Scrutiny at such a time when detail on Bradford impacts and opportunities are more developed, as negotiations progress.

6. 2017/18 Governance Challenges

The risks detailed below will be reviewed through the 2017/18 financial year and progress against them will be reported to the Governance and Audit Committee.

6.1 A number of procurement issues occurred through the year which had to be investigated and the impact of them assessed. In 2017/18 further work will be required to assess levels of compliance across the Council and where necessary to implement improvements.

6.2 Over the past 12 months the Council has found it increasingly difficult to resource and update some of the Council's management systems such as risk, procurement, income and health and safety. This has resulted in information becoming out of date and weakening management controls. It is also the case that other systems may be vulnerable due to capacity pressures. This needs to be reviewed to ensure that the Council's management systems continue to be effective and able to support an organisation as large and as complex as Bradford Council.

6.3 Objections, resistance and disagreement to the implementation of decisions that have already been taken, typically through the budget process, have had to be handled properly. There have been examples of individuals and/or their representatives, and firms or organisations, on occasion acting in concert, raising objections, both informally and formally, to the implementation of decisions, which causes delay and uncertainty.

7. West Yorkshire Pension Fund

The Council is the administering authority for the West Yorkshire Pension Fund (WYPF). The WYPF produces its own Governance Compliance statement which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (Amendment No. 3) Regulations 2007.

The Council has established two bodies to assist and support the Governance & Audit Committee oversee the WYPF:

- the WYPF Investment Advisory Panel and
- the WYPF Joint Advisory Group

The WYPF Investment Advisory Panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity. In this capacity, the Panel is responsible for formulating the broad future policy for investment. A Director of Finance from one of the member Authorities sits on the Panel, this position is currently held by the Director of Resources for Kirklees MDC.

The WYPF Joint Advisory Group has overall responsibility for overseeing and monitoring the WYPF's pensions administration function, and for reviewing and responding to proposed changes to the Local Government Pension Scheme. In addition the Group approves the budget estimates for the pensions administration and investment management functions of WYPF, and also receives WYPF's Annual Report and Accounts.

The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- The West Yorkshire Pension Fund has adopted the Council approved approach to risk management
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management
- Risks are monitored and MAPs reassessed regularly
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting in July 2017

8. Statement

Over the coming year we propose to take steps to address the challenges identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Councillor Susan Hinchcliffe, Leader of Council

Signed:

Kersten England, Chief Executive