CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

AND

ANNUAL GOVERNANCE STATEMENT

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Introduction to the Council's Statement of Accounts

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

1. The Narrative Report

The Report by the Assistant Director – Finance and Procurement summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2017-18. 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.

Notes to the Main Financial Statements

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 Assistant Director – Finance and Procurement.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Assistant Director – Finance and Procurement Responsibilities

The Assistant Director – Finance and Procurement 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 Assistant Director – Finance and Procurement 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 2018 and its income and expenditure for the year then ended. I authorise for issue the 2017-18 Statement of Accounts.

Signed:

Andrew Crookham CPFA
Assistant Director – Finance and Procurement
Date: 30 July 2018

Signed:

Councillor Michael Johnson
Chair Governance and Audit Committee
Date: 30 July 2018

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

Opinion on the Council's financial statements

We have audited the financial statements of the City of Bradford Metropolitan District Council ('the Council') for the year ended 31 March 2018 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, the Collection Fund and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the City of Bradford Metropolitan District Council as at 31 March 2018 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 2017/18.

Opinion on the Pension Fund financial statements

We have audited the financial statements of West Yorkshire Pension Fund for the year ended 31 March 2018 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, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2018 and the amount and disposition of the fund's assets and liabilities as at 31 March 2018 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 2017/18.

Basis for opinions

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

Conclusions relating to going concern

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

- the Assistant Director, Finance and Procurement's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Assistant Director, Finance and Procurement has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

Responsibilities of the Assistant Director, Finance and Procurement for the financial statements

As explained more fully in the Statement of the Assistant Director, Finance and Procurement Responsibilities, the Assistant Director, Finance and Procurement 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 2017/18, and for being satisfied that they give a true and fair view. The Assistant Director, Finance and Procurement is also responsible for such internal control as the Assistant Director, Finance and Procurement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Assistant Director, Finance and Procurement is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Assistant Director, Finance and Procurement is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusion on the City of Bradford Metropolitan District Council's arrangements for securing economy, efficiency and effectiveness in the 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 in November 2017, we are satisfied that, in all significant respects, the City of Bradford Metropolitan District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

Responsibilities of the Council

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

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

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

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

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

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

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of the City of Bradford Metropolitan District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Mark Kirkham
For and on behalf of Mazars LLP

Mazars House
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31 July 2018

The Narrative Report

Financial Highlights

Introduction

This Statement of Accounts provides comprehensive and detailed information about Bradford Council's financial results for 2017-18. 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.

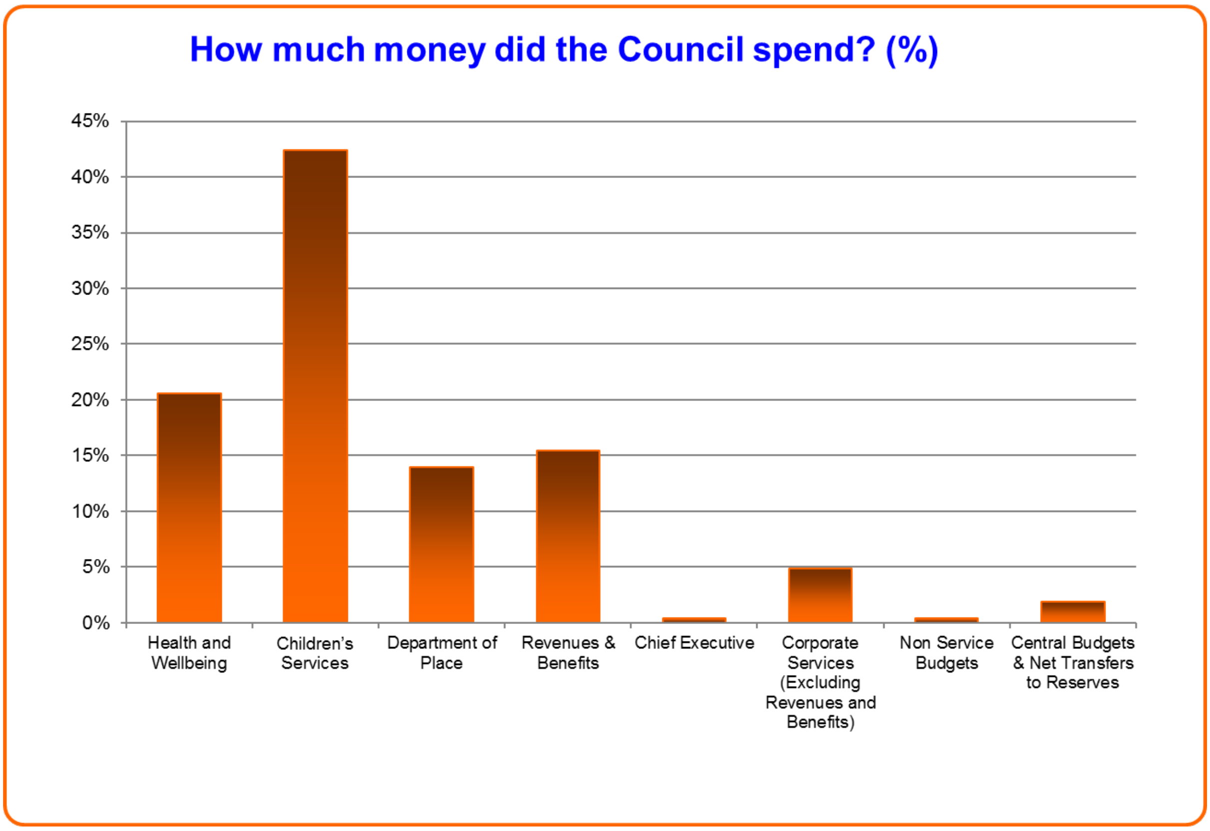
Headline Financial Results in Statement of Accounts

Comprehensive Income and Expenditure Statement

Gross revenue spending on services was £1.134bn, £60m less than in 2016/17, with net expenditure on services at £386m, down £11m from 2016/17. In addition to the implementation of the Council's budget reduction plan across all services, the main factors underlying these trends are:

- A £9m reduction in net expenditure on Children's Services, mainly due to changes in depreciation and the revaluation of land and buildings.
- A £55m reduction in gross income on Children's services offset by reductions in gross expenditure. This was caused by schools converting to academies, at which point their expenditure and income are excluded from the Comprehensive Income and Expenditure Statement.
- A £4m reduction in net expenditure in the Department of Place due to planned savings
- A significant change in the net expenditure on Non Service Budgets, mainly due to accounting for pensions.

The figure overleaf shows the distribution of spending by service.



Sources of Income

Total income attributable to individual services was £748m, a reduction of £49m on the previous year, again, mainly reflecting academy conversions. In addition, £421m income not directly attributable to an individual service was received, down £10m on the year before, with Revenue Support Grant from Government contributing £21m of the reduction. Income from Council Tax and Business Rates (including the Top Up Grant) totalled £299m, £10m up on the previous year.

Net Financial Result

The resulting net deficit on the income and expenditure account is a deficit of £7.026m, compared to a £249.892m deficit in 2016/17.

Service Performance

This section focuses on the performance of the services financed by the Council based on the authority's own indicators. For more detail, see the 2017/18 Finance and Performance Outturn Report presented to the Council's Executive of 10 July 2018.

Overview

Over the last twelve months, the Council and the wider district that it works in partnership with have had a number of successes. Many of these have been validated by external sources and partners:

- Bradford MDC was rated as one of the top 10 most productive councils in England using an index based on a variety of measures.
- The Care Quality Commission undertook an assessment of health and social care services in the district and praised our mature approach to partnership working.
- Bradford was rated as the best place to start a business in the UK by Barclays.
- The district is increasingly being seen as a place where new Central Government initiatives can be tested and implemented. The district was selected as an Opportunity Area pilot with investment in education in deprived areas and an 'integrated communities' pilot.

Our Council Plan was produced in 2016 and has provided a framework for performance monitoring and reporting. Over the last twelve months, we have also continued to deliver with our partners through our District Plan and have developed new partner-led strategies, such as the recently launched Economic Strategy in March 2018.

This section provides detail on performance against the Council Plan indicators for the year up to March 2018. Reporting is based on the indicators as per the original Council Plan and separated by our outcome areas which are:

- Better Health, Better Lives,
- Great Start, Good Schools
- Better Skills, More Jobs and a Growing Economy,
- Safe Clean and Active Communities
- Decent Homes, and
- Well Run Council.

Reporting is provided where indicators are available. For some indicators, key data is not available at the time of reporting but will be provided as part of the 10th July Executive Finance and Performance monitor report which will also seek to update the performance indicators and targets for the coming year.

Better Health, Better Lives

Key performance indicators

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
Successful completion of drug treatment - opiate users (Quarterly)	7.2%	6.5%	4.7%	Improving
Successful completion of drug treatment - Non-opiate users (Quarterly)	47.4%	39.8%	40.4%	Improving
Successful completion of alcohol treatment (Quarterly)	39.2%	38.4%	35.5%	Improving
Number of Looked after Children (LAC Overall Total)	987		927	Getting Worse
Rate of children who are the subject of a child protection plan per 10,000 children	40.37		40.04	Staying the same
Total visits to council managed recreation facilities	1,775,858	1,800,000	1,817,020	Getting worse
The total number of programmed preventative interventions carried out by Environmental Health.(was LGSES006)	3,676	3,300	4,584	Getting Worse

Children in Care: Rates of Looked After Children (LAC) are 67 looked after per 1000 compared to 78 in our statistical neighbours. At any one time we have just under 1,000 LAC. In 2016-17, the numbers of children placed on a child protection plan rose by 23%. 10 out of our 11 Children's homes are rated Good or Outstanding.

Delayed Transfers of Care (DTOC): Bradford has low levels of DTOCs and is ranked 7th nationally and 3rd among statistical neighbours. Current performance is 3.6 per 100,000 population. Bradford's NHS England target is to perform better than 3.8 per 100,000.

Obesity Activity & Exercise: 20% of 4 to 5 year olds and 36% of 10 to 11 year olds are overweight (with Little Horton at 43.9%), compared to 22% of 4 to 5 year olds regionally and nationally and 33% of 10 to 11 year olds regionally and nationally 31,000 people aged over 65 are unable to manage at least one activity on their own; 7.3% of people have used outdoor space for exercise or health reasons in the last seven days compared to 18% across Yorkshire & Humber and 17% across England.

Great Start, Good Schools

Key performance Indicators

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
Percentage of children achieving a good level of	68%	69%	66%	Improving

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
development in Early Years Foundation Stage				
Percentage of Year 1 pupils achieving the Phonics Standard	80%	81%	79%	Improving
Percentage of pupils reaching the expected standard in reading, writing & maths combined at Key Stage 2	57%	60%	47%	Improving

Bradford has seen a year on year increase in Good Level of Development (GLD) at Early Years Foundation Stage (EYSF) since 2013. The figures have shown a strong upward trajectory. Bradford now has more 2 year olds in provision than ever before. We are the fourth most improved education authority in the country for the progress pupils make at secondary school from Year 7 to their GCSEs.

In wider measures, Bradford's performance in relation to take up of the 2 year old offer is strong. However, take up varies from 50% in some wards to 100% in other areas. There are 10 wards where we focus on getting the most vulnerable children into good quality provision to improve GLD at EYFS.

Better skills, more good jobs and a growing economy

Key performance indicators

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
Vacancy rates in Bradford City Centre - Percentage of ground floor business units that are vacant	19.67%	18.1%	18.1%	Getting Worse
Proportion of the Council's workforce that is made up of apprentices	122	140	75	Improving
The value of the local economy measured by Gross Value Added	£10.1bn	£9.5bn	£9.5bn	Improving
The total number of visits to council cultural attractions (markets, museums & libraries)	6,670,467		7,115,583	Getting Worse
Total - Processing of planning applications: Major applications (Manual Entry)	90.16%	60.00%	85.54%	Improving
Principal roads where maintenance should be considered	2%	4%	3%	Improving

The latest data shows that over the years 2010 to 2016 economic productivity has been increasing at a broadly steady rate. We have now exceeded the original council plan target in this area. A new Economic Strategy was developed over the last year and launched in March 2018. This has developed more stretching targets on economic growth.

The latest figures for working-age employment (12 months to December 2017) do show a slight drop in employment but it is too early to see whether this is part of a trend; it may be due to a technicality associated with the ONS recalculating our mid-year population estimates.

Over the last twelve months, we have also seen a fall in the proportion of roads requiring maintenance and an increase in the proportion of major planning applications that have been processed.

Safe clean and active communities

Key performance indicators

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
Number of Fly Tips reported on CRM	5,572	5,005	9,030	Improving
Total Tonnes of kerbside recycling (Green and dry)	28,720	21,600	28,688	Improving
Percentage of reported missed bins	0.27%	0.13%	0.15%	Getting Worse

Kerbside recycling levels are increasing, yet there is a decline in overall recycling/composting, due to organic fraction in residual waste being disallowed by the EA. This fraction now goes for energy recovery instead. City Centre litter enforcement is now undertaken in the city centre and Keighley by a private company. Around 200 Fixed Penalty Notices are issued each week.

Reported fly tipping is increasing partly due to improved reporting channels. We are currently working with antisocial behaviour group to fund the installation of cameras to tackle fly tipping in hotspot areas. Currently 20 fixed and 10 portable cameras are operational.

Decent Homes

Key performance indicators

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
Net number of additional homes provided	1,554	1,200	1,334	Improving
Number of private sector homes improved	1,012	950	947	Improving
Empty homes brought back in to use (gross)	4,559		4,784	Getting Worse
The number of households placed in temporary accommodation	928	950	1,042	Improving
Number of affordable homes delivered (gross)	240	165	184	Improving

Our decent homes objectives are focused around:
- Ensuring an adequate supply of housing
- Tackling poor quality housing
- Supporting the most vulnerable and excluded

Ensuring the supply of homes of the right type and location to meet demand

- Bradford district housing stock increased by 1,554 properties between April 2017 to April 2018 - an improvement on the previous year. The largest increases were in Keighley East, Craven, City and Bingley Rural.

Ensure all homes are safe, healthy and affordable
- **There continues to be insufficient investment in our ageing private sector stock.** However, a number of private sector homes have been improved in the last 12 months.

Supporting the most vulnerable and excluded
- Statutory homelessness applications reduced by 12% over the last twelve months whilst prevention activity increased by 10%. This demonstrates our preventative approach is leading to results and there has been a reduction in the number of households placed in temporary accommodation.

Well Run Council

Key performance indicators

Description	2017/18		2016/17	Direction of Travel
	Value	Target	Value	
Percentage of Council Tax collected	94.2%	94.5%	93.9%	Improving
Percentage of Non-domestic Rates Collected	97.5%	97.2%	90.6%	Improving
The Average Number of Working Days Lost per Employee due to Sickness Absence in Bradford Council (Excluding Schools)	12.06	9.76	11.33	Getting Worse
Percentage of total third party spend with suppliers operating from within the district	42.97%	49%	50.22%	Getting Worse
Percentage of staff who have received a performance review and have a performance plan in place	15%	100%		

Year on year savings: We have failed to meet our savings target in full but still achieved £22.6m in savings in 2017-18. Over the next two years forecasts indicate that a further £33.4m savings will need to be delivered.

Sickness absence: The management of sickness absence continues to be a Council priority and sickness absence rates have improved year on year. However, the outturn figure for March 2018 has seen a slight increase in absence. 28% of absence is linked to mental health. Measures to address this include managing mental health in the workplace workshop for managers. HRPlus provide advice and support on the management of sickness absence and management information is shared with management teams to monitor and measure performance. New case management targets for managers are being introduced.

Increase percentage of staff receiving a performance review: We have recently introduced a new performance management framework which includes an online system enabling us to record and monitor employee performance throughout the performance cycle. From the data generated by the system we will be able to determine how many of our employees are having regular performance discussions with their managers.

Balance Sheet

Net Worth

The Council started the year with £191m in usable reserves and an unusable reserves deficit of £483m, yielding a net negative worth of £292m. Usable reserves close £12m up at £203m. The deficit on unusable reserves has deteriorated to £502m, resulting in the Council having a negative net worth of £299m.

The main movements that make up the decrease of £7m in the Council's net worth were:

- a £22m increase in long term assets
- a £14m decrease in net current assets
- a £15m reduction in long term liabilities

Long terms assets stand at £1,045m. The long term liabilities of £1,369m are dominated by three items:

- the pension liability of £858m. 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 of £313m.

Pension Liabilities

The net Pension Fund deficit comprises the pension liabilities (estimated cost of promises by the Council to pay future pension benefits to employees) less pension assets (investments set aside to fund the liabilities). These investments set aside typically comprise equities, bonds, cash and property. Overall, the net Pension Fund deficit increased by £28m from £830m to £858m as at 31 March 2018.

This increase of £28m was caused by a £39m increase in the value of the pension assets, offset by a £67m increase in pension liabilities. The increase to pension liabilities was due to interest charges and changes to the demographic and financial inputs within the actuarial model.

The actuarial model 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 2017-18

The Council spent £72.9m in the year (£61.5m in 2016-17).
The table shows total spend by department, including some of the major schemes

Major Capital Schemes Expenditure 2017-18		
Department and Schemes	**Main Schemes**	**Total Spend**
	£000	**£000**
Health and Wellbeing		**3,125**
Keighley Road Extra Care	1,805	
Keighley Road Residential Care	1,097	
Children' s Services		**13,875**
Primary Schools Expansion Programme	4,090	
SEN School Expansion	1,195	
Capital Maintenance Grant	4,400	
Schools direct revenue funding	1,458	
Place – Economy and Development Services		**20,982**
New Affordable Housing	13,086	
Disabled Housing Facilities Grant	3,951	
Leeds City Region Revolving Investment Fund	1,148	
Place – Planning, Transport and Highways		**14,486**
Capital Highways Maintenance	4,960	
Integrated Transport	1,061	
West Yorkshire Transport Fund	1,999	
Challenge Fund	1,076	
Place – Other		**12,761**
Replacement of Vehicles	3,893	
St Georges Hall	3,995	
Cliffe Castle	2,360	
Corporate Resources		**7,673**
Property Programme	2,186	
Investment Property – NCP Carpark	4,352	
Total		**72,902**

Where the money came from to pay for the spending on capital schemes in 2017-18

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 2017-18 it increased from the level in 2016-17 of £653.419m to £669.454m.

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

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

In 2017-18 the capital spending of £72.9m was funded as follows:

- £17.0m (23%) by borrowing generating capital financing charges which will form part of future revenue spending.
- £41.2m (57%) from government and other grants.
- £5.9m (8%) from revenue contributions and other revenue reserves.
- £8.6m (12%) from capital receipts from the sale of land and buildings.
- £0.2m (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 2017-18 seven schools converted to Academies, four of which were Community Schools and as at 1 April 2017, on the Council's Balance Sheet. The other three schools (Voluntary Controlled and Foundation) were not on the Council's Balance Sheet. In addition one Academy School constructed by the Council and on the Council's Balance Sheet as at 1 April 2017 has during the year completed a long term lease. The value of these disposals was £28.4m. 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	**2016-17**	**2017-18**	**Accounting Treatment**
Community	68	65	On Balance Sheet
Special Schools	6	4	On Balance Sheet
Foundation	9	8	1 Church of England Off Balance Sheet, 7 owned by Governing Bodies On Balance Sheet
Voluntary Aided	24	24	Off Balance sheet
Voluntary Controlled	10	8	Off Balance sheet (with the exception of 3 VC schools the Council still holds the legal title)
Academies	72	79	Off Balance sheet
Trust	2	2	Off Balance sheet
TOTAL SCHOOLS	**191**	**190**	
Nurseries	7	7	On Balance Sheet

On the 1 September 2017 Hothfield Juniors and Aireview Infants merged to form one school, known as Silsden Primary School.

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 38.

Significant Provisions at 31 March 2018

The provisions total £22.534m at 31 March 2018 (£20.362m at 31 March 2017) and are included in Note 20 on page 53. 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:

a) The cost of planned future termination costs in 2018-2019 and future years arising from the detailed saving proposals approved as part of the 2017-18 Budget has been assessed as £8.1m.

b) The provision to cover the risk of day to day insurance losses has been reduced by £1.371m to £5.734m.

c) The provision on personal property search fees is £0.1m.

d) After charging £4.775m to the Council's provision for the outcome of successful appeals against the Valuation Office's 2010 Business Rates Valuation list, a further £8.240m 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 2018 at £7.48m.

Usable Reserves

Usable reserves total £203m at 31 March 2018, falling broadly into £182m reserves controlled by the Council and £21m controlled 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.

£171m of earmarked reserves are set aside for future revenue and capital commitments.

£14.5m 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 £10.8m, which is an operational contingency representing less than 1% of gross revenue spending.

£50m 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 42.

School Reserves

The balances of £20.6m comprise £7.1m held by schools and £13.5m held centrally for school contingencies. Of the £13.5m for school contingencies, £8.0m has been used straight away to fund the 2018-19 budget and £0.1m 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 £468.143m deficit at the year end, and their key components are:

- £181m 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
- £194m 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 £858m deficit, which mirrors the Pension Fund liability described above. It alone causes the unusable reserves in total to be in deficit.

Taxation

Council Tax

After distributing in 2017-18 the opening surplus balance on the Council Tax Collection Fund, £2.1m, the Council Tax element of the Collection Fund ended the year £1.1m in defict. A deficit of £0.975m, Bradford's 85% share, is reported in the accounting statements. An amount has been set aside in earmarked reserves to fund the repayment of this deficit in 2018-19.

Business rates

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 2017-18 and what it has actually raised results in either a surplus or deficit on the Collection Fund.

A deficit of £3.7m was outturned, Bradford's share being £1.8m, which has to be paid back in 2018-19.

However, the portion of Bradford's share of the deficit caused by an increase in mandatory reliefs will be offset by compensatory Section 31 grants. These additional grants were for £0.735m and have been been set aide in an earmarked reserve, to be released in 2018-19. The remaining portion of Bradford's share of the deficit on the Business Rates Collection Fund was forecast and fully incorporated into the 2018-19 budget. This means that Business Rate income incorporated in the 2018-19 budget was reduced to account for the paying back of the anticipated deficit from 2017-18.

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 will be contained in the 2017/18 Finance and Performance Outturn Report presented to the Council's Executive in July.

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**		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Services to the public & businesses									
Health and Wellbeing	226.7	235.7	8.9	-107.2	-109.3	-2.2	119.6	126.3	6.8
Children's Services	477.1	488.0	10.9	-395.0	-402.6	-7.7	82.1	85.4	3.3
Department of Place	164.1	169.6	5.5	-63.6	-67.6	-4.0	100.5	102.0	1.5
Revenues & Benefits	183.4	175.8	-7.6	-178.5	-172.0	6.5	4.9	3.8	-1.1
Total services to the public & businesses	1,051.4	1,069.1	17.7	-744.2	-751.5	-7.3	307.2	317.6	10.4
Support services and non service									
Chief Executive	4.3	4.3	0.0	-0.1	-0.1	-0.0	4.1	4.2	0.0
Corporate Resources (Excluding Revenues & Benefits)	80.2	77.4	-2.8	-44.6	-43.4	1.2	35.6	34.0	-1.7
Non Service Budgets	38.4	37.4	-1.0	-45.7	-45.3	0.5	-7.3	-7.9	-0.6
Total support services and non service	122.9	119.0	-3.9	-90.5	-88.8	1.6	32.4	30.2	-2.2
Central Budgets & Net Transfers To Reserves*	92.4	80.1	-12.3	-56.8	-52.8	4.0	35.6	27.3	-8.3
Total Council Spend	1,266.7	1,268.3	1.6	-891.5	-893.2	-1.7	375.2	375.1	-0.1
Council Funding	-16.8	-16.8	-	-358.4	-358.5	-0.2	-375.2	-375.4	-0.2
Total*	1,249.9	1,251.4	1.6	-1,249.9	-1,251.7	-1.9	-	-0.3	-0.3

** At year end the £0.3m overall underspend is moved to reserves on the balance sheet to make the income and expenditure account £0.*

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		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Better Health Better Lives	461.0	470.6	9.6	-275.1	-273.4	1.7	185.9	197.2	11.3
Better Skills, More Good Jobs And A Growing Economy	116.5	121.0	4.5	-50.3	-55.4	-5.1	66.2	65.6	-0.7
Safe, Clean And Active Communities	73.8	74.4	0.6	-24.0	-23.6	0.3	49.8	50.7	1.0
A Great Start And Good Schools For All Our Children	418.7	421.8	3.1	-397.9	-402.6	-4.8	20.8	19.2	-1.7
Decent Homes That People Can Afford To Live In	14.6	14.6	-0.0	-7.3	-7.3	0.0	7.3	7.3	-0.0
A Well Run Council	113.3	109.5	-3.8	-76.6	-74.4	2.2	36.6	35.0	-1.6
Non Service, Fixed and Unallocated	68.9	56.5	-12.4	-60.4	-56.4	4.0	8.5	0.1	-8.5
Total Council Spend	**1,266.7**	**1,268.3**	**1.6**	**-891.5**	**-893.2**	**-1.7**	**375.2**	**375.1**	**-0.1**
Council Funding	-16.8	-16.8	-	-358.4	-358.5	-0.2	-375.2	-375.4	-0.2
Total*	**1,249.9**	**1,251.4**	**1.6**	**-1,249.9**	**-1,251.7**	**-1.9**	**-**	**-0.3**	**-0.3**

** At year end the £0.3m overall underspend is moved to reserves on the balance sheet to make the income and expenditure account £0.*

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 Resources. 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 2018

2018/19 and Beyond

The Council's Medium Term Financial Strategy plans to balance ongoing reductions in Central Government funding with savings in the day to day cost of service provision. Helping to offset these savings in day to day expenditure, the Council has identified funding for a £500m programme of capital projects up to 2020-2021. It is in this financial context that the Council Plan maintains an ambitious vision for employment, the economy, education, health, housing and community safety. Priorities to deliver this vision have been identified as transport and education.

The Council's day to day costs are funded from a small number of items of general funding: Council Tax; Business Rates, fees from service users, reserves and Government Funding. Government Funding comprises firstly the Revenue Support Grant, which is on a reducing path and secondly grants connected to Business Rates, which will be reorganised in the future. Reserves can only be used up once. Therefore, essential to funding day to day expenditure is building up Council Tax and Business Rates. Council Tax and Business Rates collection will itself be boosted by improvement to the district's economy, which is already part of the Council's vision. Equally though, this collection is vulnerable to a downturn in the economy, increasing the need for the Council to retain reserves.

Also the small number of funding items will be subject to significant but unknown change in the future, which will have a significant impact on the Council's finances. The Government has commissioned a review of funding to Local Government. Further, the share of Business Rates between the Council and the Government is likely to change, as well as other technical changes to Business rates. There will also be a Spending Review 2019. The Council also uses specific government grants to fund day to day expenditure. However, these grants can only be used for a set purpose and cannot be used to fund other items of Council expenditure. Examples include the Dedicated Schools Grant and the Public Health Grant, which is reducing with an impact on the Council's ability to fund services.

Overall, while the outcome of all the reviews and changes are unknown, it is inevitable the future trend is one of significant reductions in overall Council funding. Therefore the comprehensive delivery of the Council's savings plan in the 2018-19 budget is essential. Such delivery will require determination and rigorous monitoring.
The Council continues to invest in capital projects in the district, with £60.5m spend in 2017-18. This included £21m of spend on the district's schools, supporting the overall vision on education and £13m on supporting the vision for affordable housing. The £500m programme for future capital projects up to 2020-2021 was approved as part of the 2018-19 budget. This programme includes further funding for schools, housing and transport infrastructure. Further there are significant schemes to boost the district, such as the redevelopment via City Centre markets and St Georges Hall. Funding for 2017-18 and future capital spend is a mixture of sources. This comprises borrowing, some of which will be repaid from savings directly resulting

from the capital spend. Other sources are sales of the Council's current land and property, as well as specific capital grants received from other public sector bodies and the use of reserves.

Useable reserves, which can fund both capital and day to day spend have increased in 2017-18. This is mainly due to a past overpayment of the amount set aside to repay past debt. Such debt, incurred to fund past capital spend, has been rescheduled over a longer period, given the time that land and buildings owned by the Council will bring service benefits. This means that some previous overpayments have been used to increase useable reserves. These additional reserves can only be used once. However, they provide some insurance against the risks of changes in Local Government funding, a down turn in the economy and other one-off pressures.

The distribution of all available funding for capital projects and day to day expenditure is underpinned by the Council Plan, which can be summarised across 5 key outcomes:

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

The delivery of such aims is assisted by monitoring performance indicators. Overall, the Council Plan sets out a route to achieve's the Council's vision in the context of the financial and economic outlook.

However, as detailed above the financial outlook is subject to significant change, due to future issues such as the Government review of Local Government funding and the vulnerability of Business Rates and Council Tax to an economic downturn. There will also continue to be reductions in Government finding. Despite this challenging environment, the Council retains an ambitious vision for the district, with a detailed financial strategy and substantial capital programme.

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 2018 General Fund Balance of £31.353m comprises £10.803m (£10.803m in 2016-17) balances generally available to the Council and £20.550m (£25.217m in 2016-17) cash balances held on behalf of schools under the Local Management Scheme.

The deficit on the Provision of Services line of £42.344m (deficit of £150.476m in 2016-17) 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 £18.558m (reduction of £238.921m in 2016-17).

			General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
			Note 4	Note 4	Note 4	Note 4	Note 4 & Balance Sheet	Note 21 & Balance Sheet	Note 21 & Balance Sheet
			£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2016			**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 23)			-150,476				-150,476		-150,476
Other Comprehensive Income and Expenditure (page 23)			0					-99,416	-99,416
Total Comprehensive Income and Expenditure (page 23)			**-150,476**				**-150,476**	**-99,416**	**-249,892**
Adjustments between accounting basis & funding basis under regulations (note 4)			135,734		-1,182	4,953	139,505	-139,505	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves			**-14,742**		**-1,182**	**4,953**	**-10,971**	**-238,921**	**-249,892**
Transfers to/from Earmarked Reserves (Note 5, p42)			6,156	-6,156	0	0	0	0	0
Increase/Decrease(-) in 2016-17			**-8,586**	**-6,156**	**-1,182**	**4,953**	**-10,971**	**-238,921**	**-249,892**
Balance at 31 March 2017			**36,020**	**117,022**	**3,666**	**34,609**	**191,317**	**-483,363**	**-292,046**
Movement in reserves during 2017-18									
Surplus/ (deficit) on provision of services (page 23)			-42,344				-42,344		-42,344
Other Comprehensive Income and Expenditure (page 23)			0					35,318	35,318
Total Comprehensive Income and Expenditure (page 23)			**-42,344**				**-42,344**	**35,318**	**-7,026**
Adjustments between accounting basis & funding basis under regulations (note 4)			55,009		-3,666	2,533	53,876	-53,876	0
Net Increase/Decrease (-)before transfers to Earmarked Reserves			**12,665**		**-3,666**	**2,533**	**11,532**	**-18,558**	**-7,026**
Transfers to/from Earmarked Reserves (Note 5, p42)			-17,332	17,332	0		0	0	0
Increase/Decrease(-) in 2017-18			**-4,667**	**17,332**	**-3,666**	**2,533**	**11,532**	**-18,558**	**-7,026**
Balance at 31 March 2018			**31,353**	**134,354**	**0**	**37,142**	**202,849**	**-501,921**	**-299,072**

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.

2016-17	**2016-17**	**2016-17**		**2017-18**	**2017-18**	**2017-18**
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
223,540	-96,924	126,616	Health and Wellbeing	233,319	-110,212	123,107
545,347	-454,654	90,693	Children's Services	480,686	-399,442	81,244
160,439	-55,252	105,187	Department of Place	157,704	-56,656	101,048
182,561	-178,760	3,801	Revenues & Benefits	175,790	-171,689	4,101
4,715	-100	4,615	Chief Executive	4,269	-135	4,134
56,536	-9,669	46,867	Corporate Resources (Excluding Revenues and Benefits)	55,374	-9,058	46,316
-2,692	-1,821	-4,513	Non Service Budgets	5,038	-256	4,782
23,981	135	24,116	Central Budgets & Net Transfers to Reserves	21,440	-438	21,002
1,194,427	**-797,045**	**397,382**	**Cost of services**	**1,133,620**	**-747,886**	**385,734**
		128,627	Other Operating Expenditure (Note 8a)			29,780
		55,060	Financing and Investment income and expenditure (Note 8b)			47,830
		-430,593	Taxation and non-specific grant income (Note 8c)			-421,000
		150,476	**Surplus (-) /Deficit on Provision of Services**			**42,344**
		-4,580	Surplus (-)/Deficit on revaluation of non current assets			-24,946
		103,996	Re-measurements of the net defined benefit liability			-10,372
		99,416	**Other Comprehensive Income and Expenditure**			**-35,318**
		249,892	**Total Comprehensive Income and Expenditure**			**7,026**

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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 2017		31 March 2018	*Notes*
£000		£000	
935,181	Property, Plant and Equipment	946,528	*Note 9*
36,867	Heritage Assets	37,058	*Note 12*
48,604	Investment Property	58,863	*Note 13*
785	Intangible assets	595	*Note 14*
1	Long term investment	1	*Note 16*
1,484	Long term debtors	2,104	*Note 17*
1,022,922	**Long Term Assets**	**1,045,149**	
21,025	Short Term Investments	15,003	*Note 18*
491	Assets Held for sale	977	*Note 19*
1,909	Inventories	1,766	*Note 18*
74,560	Short Term Debtors	77,348	*Note 18*
56,253	Cash and Cash Equivalents	51,838	*Note 18*
154,238	**Current assets**	**146,932**	
-7,042	Cash and Cash Equivalents (Overdraft)	-5,336	*Note 18*
-13,623	Short term borrowing	-13,105	*Note 18*
-85,123	Short Term Creditors	-94,903	*Note 18*
-9,791	Provisions	-9,167	*Note 20*
-115,579	**Current Liabilities**	**-122,511**	
-10,571	Provisions	-13,368	*Note 20*
-322,409	Long term borrowing	-312,908	*Note 47c*
-1,012,286	Other Long Term liabilities	-1,032,108	*Note 39*
-8,361	Capital Grants Receipts in Advance	-10,258	*Note 45*
-1,353,627	**Long Term Liabilities**	**-1,368,642**	
-292,046	**Net Liabilities**	**-299,072**	
-191,317	Usable Reserves	-202,849	*Note 5*
483,363	Unusable Reserves	501,921	*Note 21*
292,046	**Total Reserves**	**299,072**	

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.

2016-17		**2017-18**
£000		**£000**
150,476	Net (surplus) or deficit on the provision of services (Comprehensive Income and Expenditure Statement page 23)	42,344
-232,423	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22 d)	-141,882
43,970	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22 d)	44,485
37,186	Interest and dividends received and paid ((Note 22 d)	35,209
-791	**Net cash flows from Operating Activities (Note 22 a)**	**-19,844**
19,900	Investing Activities (Note 22 b)	10,021
2,195	Financing Activities (Note 22 c)	12,534
21,304	**Net (increase) or decrease in cash and cash equivalents**	**2,711**
	Balance Sheet Movement	
70,515	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet page 24: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	49,211
49,211	Cash and cash equivalents at the end of the reporting period (Note 18, page 52) (Balance Sheet page 24: Current Assets Cash and Cash equivalents less Current Liabilities Cash and Cash Equivalents)	46,500
21,304	**Net (increase) or decrease in cash and cash equivalents**	**2,711**

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 2017-18 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 2017-18 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 56.

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 2017-18 figures are based on actual take-up levels up to 31 March 2018.

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.

xi. Heritage Assets

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

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

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

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

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

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

xiii. Interests in Companies and Other Entities

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

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

xiv. Inventories and Long term Contracts

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

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

xv. Investment Property

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

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

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

xvi. Joint Arrangements

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

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

xvii. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating leases

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

The Council as Lessor

Finance Leases

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

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

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

Operating Leases

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

xviii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.

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

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

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

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

- Infrastructure and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).
- Community assets – the Council values community assets at current value; historical cost has been used when this is an appropriate stand-in for current value.
- Surplus assets – fair value, estimated at highest and best use, determind from the perspective of market participants.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

Component Accounting

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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 42.

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 54.

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 2016-17.

xxvi. Acquired and Discontinued Operations

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

xxvii. Fair value measurement

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

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

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

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

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

Note 2. Prior Period Adjustments

There were no prior period adjustments in 2017-18

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; the impact is unlikely to be significant.

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; the impact is unlikely to be significant.

IFRS 16 Leases: this new standard replaces IAS 17 from 2019/20 and establishes a new model for lessees. The application of IFRS16 to Local Authorities is still out for consultation. As a result, it is too early to make a judgement as to its impact.

Critical Judgements in applying Accounting Policies

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

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

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

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

The Council has judged that when it has committed to a redundancy in writing by the end of the financial year, the costs to the Council of the redundancy are either accrued, if the person has left the Council by 31 March 2018, 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 2017-18 for the estimated costs of repaying Business Rates, following successful appeals. A provision for bad debts is also included based on the expectation of the Council receiving payment.

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

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

By virtue of legal ownership or the control exerted over school governing bodies, the Council recognises on its balance sheet at current value, interests in all schools where ownership is vested either in the Council or a school governing body. This includes all community schools, and some foundation and voluntary controlled schools (79 in total). All other schools (30) 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 2018 is the revalued amount for assets that remain on the Balance Sheet.

The Council has made a judgement on the amount that needs to be set aside to repay past debt. This amount is known as the Minimum Revenue Provision (MRP) and is charged to the Movement in Reserves Statement. Depreciation is calculated on accounting principles, and is charged to the Comprehensive Income and Expenditure Statement but reversed and replaced by MRP charged to the Movement in Reserves Statement. MRP is calculated on regulatory principles according to the Council's judgement of what is prudent. MRP set aside from previous years as a proportion of outstanding debt, is in excess of the amount of time the Council's buildings have provided service benefits compared to their expected lives. The Council has recognised this overprovision within its current MRP policy and as a result has judged that it is prudent to charge less MRP (i.e. £1m) in 2017-18 to the Movement in Reserves Statement.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	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	The Council has a provision of £8.098m 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.	An increase or decrease in the cost of redundancy would have a proportionate impact on the provision required.
	The Council also has a provision of £5.734m at 31 March 2018 (£7.363m at 31 March 2017) 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.	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.
	In addition, the Council has a provision of £7.480m at 31 March 2018 (£5.782m at 31 March 2017) 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.	If the Business Rate appeals provision is not adequate, additional funds would be required from reserves or in year savings.
	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.	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	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.	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 £48.920m – a decrease from £2,774,246m to £2,725,326m.
Arrears	At 31 March 2018, the Council had a balance of debtors and prepayments of £100.2m, a reduction of £0.6m compared to the 31 March 2017 figure of £100.8m. A review of significant balances suggested that a minimum impairment of debts of 15% was	If collection rates were to deteriorate, this would increase the amount of the impairment of doubtful debts.

	appropriate for balances aged at least one year, given the current economic climate, but higher levels than this have been included where appropriate.	
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 valuation staff to review all leases, and the resulting information would not justify the cost. The main assumptions which have been made are: **Split between finance and operating lease:** • 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. 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.	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.
Fair value measurements	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 date, 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. 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). 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.	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. The method used to measure the fair value of Investments is described in Note 47.

Note 4. Adjustments between accounting basis and funding basis under Regulations 2017-18

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.

2016-17					2017-18			
Useable Reserves				Useable Reserves	Useable Reserves			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	**Adjustment between Accounting Basis and Funding Basis Under Regulation**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£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:				
35,763			-35,763	Charges for depreciation and impairment of non current assets	32,269			-32,269
15,991			-15,991	Revaluation losses on property, plant and equipment	4,939			-4,939
-3,387			3,387	Movements in the market value of Investment Properties	-6,979			6,979
991			-991	Amortisation of intangible assets	231			-231
-15,949			15,949	Capital grants and contributions applied	-19,259			19,259
6,651		-3,792	-2,859	Revenue expenditure funded from capital under statute (REFCUS)	7,771		-5,634	-2,137
131,788			-131,788	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	32,892			-32,892
-500			500	Donated Assets	0			0
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				0
-24,376			24,376	Statutory provision for the financing of capital investment	-1,000			1,000
-4,306			4,306	Capital expenditure charged against the General Fund	-5,923			5,923
				Adjustments primarily involving the Capital Grants Unapplied Account:				0
-22,737		22,737	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-20,115		20,115	0
		-13,992	13,992	Application of grants to capital financing transferred to the Capital Adjustment Account			-11,948	11,948
				Adjustments primarily involving the Capital Receipts Reserve				0
-5,229	5,229		0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-5,097	5,097		0
	-6,416		6,416	Use of the Capital Receipts Reserve to finance new capital expenditure		-8,765		8,765
5	-5		0	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	-1		1
				Adjustments primarily involving the Deferred Capital Receipts Reserve:				0
	10		-10	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	3		-3
				Adjustments primarily involving the Financial Instruments Adjustment Account:				0
-285			285	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	-394			394
				Adjustments primarily involving the Pensions Reserve:				0
68,128			-68,128	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	86,096			-86,096
-42,391			42,391	Employer's pensions contributions and direct payments to pensioners payable in the year:	-47,512			47,512
				Adjustments primarily involving the Collection Fund Adjustment Account:	-1,268			1,268
-4,986			4,986	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.				0
				Adjustment primarily involving the Accumulated Absences Account:				0
563			-563	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	-1,642			1,642
135,734	-1,182	4,953	-139,505	**Total Adjustments between accounting basis & funding basis under regulations**	55,009	-3,666	2,533	-53,876

Note 5. Transfers to/from Earmarked Reserves

	Balance at 31 March 2016 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2017 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2018 £000
General Fund Reserve	10,803	0	0	10,803	0	0	10,803
Schools Delegated Balances	33,803	-8,586	0	25,217	-4,667	0	20,550
A. Total General Fund Balance	**44,606**	**-8,586**	**0**	**36,020**	**-4,667**	**0**	**31,353**
Unallocated reserves available to support future budget decisions	**19,919**	**-6,721**	**1,299**	**14,497**	**0**	**0**	**14,497**
Earmarked Reserves							
Managed Severance	4,093	0	0	4,093	-4,093	0	0
Transitional and Risk	7,749	-8,509	7,624	6,864	-235	4,282	10,911
Exempt VAT	2,000	0	0	2,000	0	0	2,000
Producer City Initiative	743	-559	8	192	-34	4	162
PFI - Contracts	805	0	0	805	-121	0	684
Capital Feasibility	70	-70	0	0	0	0	0
Transformation Programme	125	0	0	125	-125	0	0
Employment Opportunities Fund	1,025	0	173	1,198	-329	358	1,227
Waste Collection & Disposal Options	4,029	-1,266	300	3,063	-3,063	0	0
Trade Waste VAT Refund	463	-120	0	343	-120	56	279
Insurance	1,775	0	0	1,775	0	0	1,775
Insurance Risk	0	0	0	0	0	1,893	1,893
Industrial Centres of Excellence	1	0	0	1	0	0	1
Sports Strategy	165	-118	57	104	-104	0	0
Regional Growth Fund	6,344	-1,157	0	5,187	-520	0	4,667
Better Use of Budgets	2,757	-2,757	2,788	2,788	-2,787	1,669	1,670
Regional Revolving Investment Fund	3,956	0	0	3,956	-2,804	0	1,152
Discretionary Social Fund	1,848	0	0	1,848	-129	0	1,719
Single Status	23	0	0	23	0	0	23
Health Integration	222	0	0	222	0	0	222
Match Fund Basic Needs Grant	700	0	0	700	0	0	700
Dilapidation & Demolition	1,000	-1,000	2,000	2,000	-372	0	1,628
Strategic Site Assembly & Develop	0	-44	800	756	0	0	756
Redundancy Provision	0	0	0	0	-8,842	11,272	2,430
Implementation Reserve	0	0	0	0	0	3,970	3,970
Review of Council's MRP Policy	0	0	0	0	0	10	10
Review of Council's Pension Guarantees	0	0	0	0	0	10	10
S31 offset to NDR Deficit Reserve	0	0	0	0	0	735	735
Council Tax Reserve	0	0	0	0	0	575	575
Leeds City Region WYTF	0	0	0	0	0	421	421
Leeds City Region Economic Development	0	0	0	0	0	402	402
Financing Reserve	0	0	0	0	0	23,738	23,738
	39,893	**-15,600**	**13,750**	**38,043**	**-23,678**	**49,395**	**63,760**
Reserves for capital investment							
Markets	1,231	-83	0	1,148	-501	21	668
Renewal and Replacement	11,917	-634	2,000	13,283	-8,146	0	5,137
	13,148	**-717**	**2,000**	**14,431**	**-8,647**	**21**	**5,805**
Service Earmarked Reserves							
PFI - BSF Unitary Charge	10,662	0	732	11,394	0	701	12,095
Supporting People	2,065	-649	0	1,416	-662	0	754
Integrated Health and Social Care	5,347	-856	0	4,491	-3,200	0	1,291
Community Support and Innovation Fund	404	-52	0	352	0	0	352

Other	23,351	-2,736	3,417	24,032	-7,408	6,239	22,863
	41,829	**-4,293**	**4,149**	**41,685**	**-11,270**	**6,940**	**37,355**
Revenue Grant Reserves	**8,389**	**-3,172**	**3,149**	**8,366**	**-1,775**	**6,346**	**12,937**
B Total Earmarked Reserves	**123,178**	**-30,503**	**24,347**	**117,022**	**-45,370**	**62,702**	**134,354**
C Capital Grants Unapplied	**29,656**	-17,784	22,737	**34,609**	-17,582	20,115	**37,142**
D Capital Receipts Reserve	**4,848**	-6,421	5,239	**3,666**	-8,766	5,100	**0**
E Total Other Usable Reserves	**34,504**	**-24,205**	**27,976**	**38,275**	**-26,348**	**25,215**	**37,142**
Total Usable Reserves	**202,288**	**-63,294**	**52,323**	**191,317**	**-76,385**	**87,917**	**202,849**

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 (£31.3m)

A net £31.3m balance has been carried forward to 2018-19 (£36.0m at 31 March 2017). This includes £20.5m 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 (£134.4m)

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 2018 the Council has available £14.4m of unallocated corporate reserves. In 2017-18 the overall level of earmarked reserves increased by a net £17.4m from £117.0m at 31 March 2017 to £134.4m at 31 March 2018.

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 Receipted 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 £1,368 to the pool in 2017-18 (£5,103 in 2016-17). 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.

2016-17	**Capital Receipts Reserve**	**2017-18**
£000		**£000**
4,848	**Balance at 1 April**	**3,666**
	Usable receipts in the year	
5,229	Disposal of assets	5,097
10	Other capital receipts	3
-5	Appropriation to (–) from Revenue Account re pooled housing receipts	-1
-6,416	Used to finance capital spending	-8,765
0	Used for debt repayment	0
3,666	**Balance at 31 March**	**0**

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

Note 6. Material Items of Income and Expense

There were no exceptional items in 2017-18 or 2016-17.

Note 7. Post Balance Sheet Events

Since 1 April, four schools have transferred to Academy status. Three Community Schools and one Foundation, with an estimated value of £11.1m at 31 March 2018, will be removed from the 2018-19 Balance Sheet when a 125 year peppercorn lease is completed.

Note 8. Analysis of the Comprehensive Income and Expenditure

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

a) Other Operating expenditure

2016-17 £000	Other Operating expenditure	2017-18 £000
1,407	Parish Council Precepts	1,711
3	Payments to the Government Housing Capital Receipts Pool	3
127,217	Losses on the disposal of non-current assets	28,066
128,627	**Total**	**29,780**

b) Financing and Investment Income and Expenditure

2016-17 £000	Financing and Investment Income and Expenditure	2017-18 £000
38,378	Interest payable and similar charges (see table b2 below)	36,230
23,091	Net Interest on the Pension net defined benefit liability/(asset)	20,157
-455	Interest receivable and other income	-381
-6,214	Income and expenditure in relation to investment properties and changes in their fair value	-9,524
-605	Other investment income	-568
865	Net Deficit on Trading Accounts	1,916
55,060	**Total**	**47,830**

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

2016-17 £000	Interest Payable and Similar Charges	2017-18 £000
	External interest charges	
17,917	Public Works Loans Board	16,159
18,431	Interest on PFI and finance lease rentals	18,037
1,778	Lender Option Borrower Option (LOBO's)	1,796
248	Transferred debt	238
4	Interest on short term borrowing	0
38,378	**Total**	**36,230**

c) Taxation and Non- Specific Grant Income

2016-17 £000	Taxation and Non-Specific Grant Income	2017-18 £000
-162,489	Council Tax income	-172,348
-68,797	Non domestic rates	-61,632
-160,067	Non-ringfenced government grants (see below)	-147,632
-38,740	Capital grants and contributions	-39,388
-500	Donated Assets Funding	0
-430,593	**Total**	**-421,000**

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 2017-18 the Council received the following:

c2) Government Grants

2016-17 £000	Government grants (not attributable to specific services)	2017-18 £000
-83,947	Revenue Support Grant	-62,849
-57,040	Top Up Grant	-64,679
-104	Local Services Support Grant	-652
-11,444	New Homes Bonus Grant	-8,557
-7,532	Section 31 Grant, mainly relating to Business Rates	-10,895
-160,067	**Total**	**-147,632**

Note 9. Property, Plant and Equipment: Movements on Balances in 2017-18

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

Comparative Movements in 2016-17

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & equipment	Infrastr-ucture 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**
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 Revalua tion 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**

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	20,437	416	212,622	20,440	19,382	273,297
Held at Valuation Value in:								
2013/14	0	109,021		56		3,846		112,923
2014/15	0	141,825		408		623		142,856
2015/16	4,757	187,253		8,729		431		201,170
2016/17	2,782	92,268		2,242		1,384		98,676
2017/18	9,076	78,396		3,592		26,542		117,606
Total	**16,615**	**608,763**	**20,437**	**15,443**	**212,622**	**53,266**	**19,382**	**946,528**

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 2017-18. At 31 March 2018 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017-18 and future years budgeted to cost £32.079m. Similar commitments at 31 March 2017 were £8.232m. The major commitments (over £0.250m) are:

Capital Commitments	2016-17	2017-18
	£000	£000
Primary Schools Expansion Programme	2,252	247
Affordable Housing	3,035	7,375
Cliffe Castle	1,875	0
Crag Road	1,070	0
Keighley Road Adult Social Care Respite and Residential	0	8,086
St Georges Hall	0	2,608
Sedburgh Sports Facility	0	13,388
Vehicle Replacement	0	375
Total	**8,232**	**32,079**

b) Obligations Under Long-Term Contracts

There was no long term obligation at 31 March 2018.

Note 12. Heritage Assets

Tangible Heritage Assets

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

The Council held £37.1m heritage assets on its Balance Sheet as at 31 March 2018.

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

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

Museum Collection – items on the Balance Sheet

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

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

In 2012-13 there was a review of the major pieces of the Fine Art Collection held at Cartwright Hall by external valuers Christies. For those items reviewed by Christies they have been included on the Balance Sheet based on auction values (lower range). In 2014-15 and 2015-16 further items in the collection were reviewed by external valuers resulting in revaluation increases of £2,861,000 and £88,000. In 2016-17 two paintings and two cannons were reviewed by external valuers which resulted in a revaluation increase of £85,000.

During 2017-18 three paintings were reviewed by Christies and this has resulted in a revaluation increase of £160,000. In addition four paintings already included on the Balance Sheet have a revaluation increase of £31,000.

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

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

Museum exhibits and works of art – overall collections

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

Civic Regalia

The Council's external valuer for its Civic Regalia (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 2017-18 or 2016-17.

Additions of Heritage Assets

There have been no significant purchases to heritage assets in 2017-18 but there have been some additions to the museum collections in the last two years. Individually these have not been thought significant so there is no separate valuation included in the Balance Sheet for purchased items.

Note 13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. For example, the net gain of £2.271m (see below Analysis of Rental Income and Management Costs of Investments), plus the increase of £6.979m on fair value (see below reconciliation of Movements on Investments), plus the gain on disposal of £0.274m comprise the £9.524m charge for investment properties in Note 8(b), Financing and Investment Income and Expenditure, page 43.

2016-17 £000		2017-18 £000
-2,356	Rental income from investment property	-2,520
-178	Other income (service and other charges)	-239
	Direct operating expenses:	
196	Repairs & maintenance	181
162	Management expenses	307
-2,176	**Net (gain)**	**-2,271**

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

2016-17 £000	Reconciliation of Movements on Investments	2017-18 £000
45,734	**Balance at 1 April**	**48,604**
0	Additions	4,352
-251	Disposals	-905
3,387	Net gains/losses(-) from fair value adjustments	6,979
	Transfers	
-266	To/from Property, Plant and Equipment	-167
48,604	**Balance at 31 March**	**58,863**

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 bewteen five and ten years. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.231m charged to revenue in 2017-18 (£0.991m in 2016-17) 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:

	2016-17 £000	**2017-18 £000**
Balance at 1 April each year		
• Gross carrying amounts	19,712	20,028
• Accumulated amortisation	-18,252	-19,243
Net carrying amount at start of year	**1,460**	**785**
Additions :		
• Purchases	316	41
Amortisation for the period	-991	-231
Net carrying amount at end of year	**785**	**595**
Comprising :		
• Gross carrying amounts	20,028	20,069
• Accumulated amortisation	-19,243	-19,474

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 2017-18 or 2016-17.

Note 16. Long Term Investment

The Council's long term investment at 31 March 2018 is made up of £1,000 in Integrated Bradford LEP Ltd (31 March 2017 £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 2018 of £0.239m is in respect of transferred debt for Probation Service owed by other West Yorkshire authorities.

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

31 March 2017 £000	Analysis of Long Term Debtors	31 March 2018 £000
4	Former Council house tenants	1
260	Other local authorities re joint services	239
570	Car loans	532
267	Building Schools for the Future Ltd	262
122	Loans to organisations	513
4	Housing Advances	4
223	Balance owing on sale of assets on finance lease(s)	210
34	Other	343
1,484	**Total**	**2,104**

Note 18. Current Assets and Current Liabilities

31 March 2017 £000	Inventories	31 March 2018 £000
0	Trading services	0
1,909	Other	1,766
1,909	**Total**	**1,766**

Short term Debtors and Payments In Advance

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

31 March 2017 £000	Analysis of Debtors and Payments in Advance	31 March 2018 £000
	Amounts falling due within one year	
9,372	Central Government bodies	12,167
2,700	Other local authorities	2,890
3,526	NHS bodies	3,635
678	Public corporations and trading funds	654
77,963	Other entities and individuals	74,754
6,593	General payments in advance	6,185
100,832	**Total**	**100,285**
	Less provision for bad and doubtful debts	
14,449	Collection Fund	12,622
11,823	Other	10,315
74,560	**Net Total**	**77,348**

The net debtors have increased from a total of £74.560m at 31 March 2017 to £77.348m at 31 March 2018, an increase of £2.788m.

Short Term Investments

The Council has short term investments of £15.003m; see Balance Sheet (£21.025m 2016-17). 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 2018, £51.838m was invested in short term deposits, banks and building societies (£56.253m at 31 March 2017).

31 March 2017 £000		31 March 2018 £000
667	Cash held by the Council	712
54,586	Bank accounts	51,126
1,000	Short term deposits with building societies and banks	0
56,253	**Total Cash and Cash Equivalents** (see Balance Sheet page 24)	**51,838**
-7,042	Cash and Cash Equivalents Overdrawn (see Balance sheet page 24)	-5,336
49,211	**Total net Cash and Cash Equivalents** (see Cashflow statement page 25)	**46,502**

The Council also has short term borrowings of £13.105m (£13.623m 2016-17).

Creditors and Receipts in Advance

31 March 2017 £000	Analysis of Creditors and Receipts in Advance	31 March 2018 £000
	Amounts falling due within one year	
13,759	Central Government bodies	15,668
759	Other local authorities	1,681
1,124	NHS bodies	1,975
515	Public corporations and trading funds	678
54,395	Other entities and individuals	57,293
70,552	**Total**	**77,295**
	Receipts in advance	
8,859	Sundry	12,156
5,712	Developer's contributions	5,452
14,571	**Total**	**17,608**
85,123	**Total Creditors and Receipts in Advance**	**94,903**

Note 19. Assets held for sale

Current Assets held for sale	2016-17 £000	2017-18 £000
Balance outstanding at start of year	**652**	**491**
Additions	0	0
Assets newly classified as held for sale:		
- Property, Plant and Equipment	2,535	1,980
Revaluation losses	-17	-115
Assets declassified:		
- Property, Plant and Equipment	-315	0
Assets sold	-2,364	-1,379
Balance outstanding at year end	**491**	**977**

Note 20. Provisions

The provisions totals of £22.535m at 31 March 2018 and £20.362m at 31 March 2017 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, £9.167m at 31 March 2018 (£9.791m at 31 March 2017). Long term provisions are those expecting to be used more than 12 months after the Balance Sheet date, £13.368m at 31 March 2018 (£10.571m at 31 March 2017).

	Termination	Personal Search fees	MMI Scheme of Arrangement	Outstanding legal cases	Injury and Damage Compensation Claims	Testing Provision	Business Rate Appeals	Total
	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 31 March 2016	**8,375**	**201**	**322**	**3,935**	**3,896**	**0**	**5,997**	**22,726**
Additional provisions made in 2016-17	611	0	626	3,726	3,157	200	2,055	10,375
Amounts used in 2016-17	-3,010	-108	0	-1,967	-1,642		-2,270	-8,997
Unused amounts reversed in 2016-17	0	0	0	-1,494	-2,248	0	0	-3,742
Balance at 31 March 2017	**5,976**	**93**	**948**	**4,200**	**3,163**	**200**	**5,782**	**20,362**
Additional provisions made in 2017-18	6,253	0	182	1,364	1,977	0	4,038	13,814
Amounts used in 2017-18	-1,701	0	0	-1,493	-816	0	-2,340	-6,350
Unused amounts reversed in 2017-18	-2,430	0	0	-981	-1,680	-200	0	-5,291
Balance at 31 March 2018	**8,098**	**93**	**1,130**	**3,090**	**2,644**	**0**	**7,480**	**22,535**

Short-Term	4,941	93	0	1,303	1,115	0	1,715	9,167
Long-Term	3,157	0	1,130	1,787	1,529	0	5,765	13,368
Balance at 31 March 2018	**8,098**	**93**	**1,130**	**3,090**	**2,644**	**0**	**7,480**	**22,535**

Termination (£8.098m) – for planned future termination costs arising from the detailed saving proposals approved as part of the 2018-19 Budget .

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

Insurance provisions (£3.090m and £2.644m) – 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 2017 £000	**Analysis of Insurance Provision (Outstanding Legal Cases & Injury and Damage Compensation Claims)**	**31 March 2018 £000**
0	Property	5
6,777	Other Liability claims	5,272
586	Motor	457
7,363	**Total**	**5,734**

Testing Provision (£0m) – This amount was originally set aside for potential costs relating to scientific testing provision but was no longer required as at 31 March 2018.

Business Rates Appeals (£7.480m) – 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

2016-17		2017-18
£000		**£000**
159,238	(a) Revaluation Reserve	181,029
209,886	(b) Capital Adjustment Account	194,448
-5,528	(c) Financial Instruments Adjustment Account	-5,134
-829,875	(d) Pensions reserve	-858,087
261	(e) Deferred capital receipts reserve	258
-4,073	(f) Collection Fund Adjustment Account	-2,805
-13,272	(g) Accumulated Absences Account	-11,630
-483,363	**Total Unusable Reserves**	**-501,921**

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 2017-18, the Reserve has decreased from £159.238m to £181.029m, an increase of £21.791m.

2016-17		2017-18
£000		**£000**
168,345	**Balance at 1 April**	**159,238**
13,481	Upward revaluation of assets	32,219
-8,901	Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	-7,273
0	Impairments not charged to the Surplus or deficit on the Provision of Services	0
4,580	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**24,946**
-3,207	Difference between fair value depreciation and historical cost depreciation	-3,010
-10,480	Accumulated gains on assets sold or scrapped	-145
-13,687	**Amount written off to the Capital Adjustment Account**	**-3,155**
159,238	**Balance at 31 March**	**181,029**

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.

2016-17		2017-18
£000		**£000**
314,665	**Balance at 1 April**	**209,886**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :	
-35,763	- Charges for depreciation and impairment of non-current assets	-32,269
-15,991	- Revaluation losses on Property, Plant and Equipment	-4,939
-991	- Amortisation of Intangible Assets	-231
-2,859	- Revenue expenditure funded from capital under statute (REFCUS)	-2,137
-131,788	- 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	-32,892
13,687	Adjusting amounts written out of the Revaluation Reserve	3,155
	Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year :	
6,416	- Use of the Capital Receipts Reserve to finance new capital expenditure	8,765
12,194	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	17,683
13,992	- Application of grants to capital financing from the Capital Grants Unapplied Account	11,948
3,755	- Allocation of grants to capital financing from the Capital Grants Receipts in Advance Account	1,577
500	- Donated assets and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
24,376	- Statutory provision for the financing of capital investment charged against the General Fund	1,000
4,306	- Capital expenditure charged against the General Fund balance	5,923
3,387	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	6,979
209,886	**Balance at 31 March**	**194,448**

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.

2016-17		2017-18
£000		**£000**
-5,813	**Balance at 1 April**	**-5,528**
268	Proportion of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	375
17	Removal of Effective Interest Rate on stepped interest loans	19
285	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	**394**
-5,528	**Balance at 31 March**	**-5,134**

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.

2016-17		2017-18
£000		**£000**
-700,142	**Balance at 1 April**	**-829,875**
-103,996	Remeasurement of net defined benefit liability	10,372
-68,128	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	-86,096
42,391	Employer's pensions contributions and direct payments to pensioners payable in the year	47,512
-829,875	**Balance at 31 March**	**-858,087**

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.

2016-17		2017-18
£000		**£000**
271	**Balance at 1 April**	**261**
-10	Transfer to the Capital Receipts Reserve upon receipt of cash	-3
261	**Balance at 31 March**	**258**

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.

2016-17		2017-18
£000		**£000**
-9,059	**Balance at 1 April**	**-4,073**
4,986	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	1,268
-4,073	**Balance at 31 March**	**-2,805**

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.

2016-17		2017-18
£000		**£000**
-12,709	**Balance at 1 April**	**-13,272**
12,709	Settlement or cancellation of the accrual made at the end of the preceding year	13,272
-13,272	Amounts accrued at the end of the current year	-11,630
-563	**Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements**.	**1,642**
-13,272	**Balance at 31 March**	**-11,630**

Note 22. Cash Flow Statement

a) Operating activities

The cash flows for operating activities include the following items:

2016-17		2017-18
£000		**£000**
150,476	Net (surplus) or deficit on the provision of services (see d)	42,344
-232,423	Adjustments to surplus or deficit for non-cash movements (See d)	-141,882
43,970	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	44,485
-484	Interest Received	-395
38,324	Interest paid	36,253
-654	Dividends Received	-649
-791	**Net cash flows from operating activities**	**-19,844**

b) Investing Activities

The cash flows for investing activities include the following items:

2016-17		2017-18
£000		**£000**
50,792	Purchase of property, plant and equipment, investment property and intangible assets	60,151
100,095	Purchase of short term and long term investments	59,400
0	Other payments for investing activities	0
-5,229	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-5,097
-39,465	Capital grants	-39,033
-86,293	Proceeds from short term and long term investments	-65,400
19,900	**Net cash flows from investing activities**	**10,021**

c) Financing Activities

The cash flows for financing activities include the following items:

2016-17		2017-18
£000		**£000**
-63,300	Cash receipts of short and long term borrowing	-76,300
-6,067	Other receipts from financing activities	-5,836
8,627	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	8,370
62,935	Repayments of short and long term borrowing	86,300
0	Other payments for financing activities	0
2,195	**Net cash flows from financing activities**	**12,534**

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

2016-17	Reconciliation of the Surplus on Revenue to Operating Revenue Activities Net Cash Flow			2017-18
£000				£000
150,476	**Net deficit / surplus (-) for year on the Comprehensive Income and Expenditure Account (I & E)**	A		**42,344**
	Add back non cash I & E items:			
-49,358	Depreciation & impairment, revaluation gains and losses, market value movements, and amortisation	B		-30,461
0	Aborted cost on prior year capital expenditure	C		0
-25,737	IAS19 Pension adjustments	D		-38,584
500	Donated Assets non-cash funding	E		0
	Items on accruals basis:			
-328	Decrease (-) / Increase in stocks	F		-144
4,004	Decrease (-) / increase in amounts due to Council (debtors)	G		2,310
5,670	Decrease / increase (-) in amounts due from Council (creditors)	H		-6,372
-131,788	Carrying amount of disposals	I		-32,892
2,363	Movement provisions	J		-2,172
-563	Net movement on Employee Benefit accrual	K		1,642
-195,237	Removal of non-cash items included in Deficit/Surplus on Provision of services	L	B to K	*-106,673*
	Removal of interest received and paid already included in Surplus/Deficit so that this can be shown separately:			
-38,324	Interest paid	M		-36,253
484	Interest received	N		395
654	Dividends received	O		649
-37,186	Interest received and paid	P	M to O	*-35,209*
-232,423	**Adjustments to surplus or deficit for non-cash movements (Per Cash Flow Statement)**	Q	P + L	**-141,882**
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
38,741	Capital Grants credited to surplus or deficit on the provision of services	R		39,388
5,229	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	S		5,097
43,970	**Sub-total items for items included in the net surplus or deficit on the provision of services that are investing and financing activities**	T	R + S	**44,485**
37,186	**Interest and dividends received & paid shown separately (see above)**	U	P	**35,209**
-791	**Operating activities - net cash flow**	V	A+Q+T+U	**-19,844**

Note 23. 2017-18 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 2017-18 Outturn Statement £000	**Reclassification for the CIES £000**	**Net Expenditure in the CIES £000**	**Adjustments between Funding and Accounting Basis £000**	**Net Expenditure Chargeable to the General Fund £000**
	a	**b**	**c = a + b**	**d**	**e = c + d**
Health and Wellbeing	126,331	-3,224	123,107	-4,477	118,630
Children's Services	85,387	-4,143	81,244	-19,349	61,895
Department of Place	102,028	-980	101,048	-32,163	68,885
Revenues & Benefits	3,830	271	4,101	0	4,101
Chief Executive	4,151	-17	4,134	-328	3,806
Corporate Resources (Excluding Revenues and Benefits)	33,964	12,352	46,316	-2,115	44,201
Non Service Budgets	-7,921	12,703	4,782	3,403	8,185
Central Budget & Net Transfers to Reserves	27,294	-6,292	21,002	0	21,002
Net Cost of Services	**375,064**	**10,670**	**385,734**	**-55,029**	**330,705**
Other Operating Expenditure	0	29,780	29,780	-28,068	1,712
Financing and Investment income and expenditure	0	47,830	47,830	-19,884	27,946
Taxation and non-specific grant income	-375,064	-45,936	-421,000	40,655	-380,345
Earmarked Reserves	0	0	0	17,332	17,332
Reduction in School Delegated Balances	0	0	0	-4,667	-4,667
Statutory Provision for the financing of capital investment	0	0	0	1,000	1,000
Capital Expenditure charged against the General Fund	0	0	0	5,923	5,923
Financial Instruments Adjustment Account	0	0	0	394	394
Surplus (-)/Deficit on Provision of Services	**0**	**42,344**	**42,344**	**-42,344**	**0**
General Fund Balance brought forward					10,803
General Fund Balance carried forward					10,803

2016-17 Expenditure Funding Analysis

The Expenditure and Funding Analysis for 31 March 2017 is as follows:

	Net expenditure for 2016-17 Outturn Statement £000	Reclassification for the CIES £000	Net Expenditure in the CIES £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund £000
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 Resources (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

2017-18 Analysis of Accounting Adjustments

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

2016-17 Analysis of Accounting Adjustments

	Earmarked Reserves £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other differences (Employee Accrual) £000	Other differences (Collection Fund & Financial Instruments) £000	Total adjustments £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 Resources (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	6,156	0	0	0	0	6,156
Reduction in School 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**

Note 24. Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2016-17 or 2017-18.

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 2016-17 and 2017-18:

Trading Services Surplus (-) / Deficit

2016-17 Surplus (-) /Deficit £000		2017-18 Turnover £000	2017-18 Surplus (-) /Deficit £000
-540	School & welfare catering	-16,598	396
127	Other catering	-321	156
1,278	Building cleaning	-336	1,363
865	**Total**	**-17,255**	**1,915**

Trading Services Included in Net Cost of Services

2016-17 Surplus (-) /Deficit £000		2017-18 Turnover £000	2017-18 Surplus (-) /Deficit £000
-861	Markets	-2,580	-1,746
-4,366	Car parks	-5,180	-4,378
-137	Trade refuse	-3,172	-182
-5,364	**Total**	**-10,932**	**-6,306**

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 2017-18, the Council received £0.580m income (£0.563m in 2016-17) 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 2017-18 or 2016-17.

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

Better Care Fund

	2016-17	2017-18
	£000	**£000**
Funding provided		
Bradford & Airedale Community Equipment	1,412	1,433
Care Bill Implementation support	1,366	1,390
Protect Social Services	14,672	14,935
Reablement	1,502	1,529
Carers	925	942
Capital Funding	3,519	3,858
Total LA Better Care Fund	**23,396**	**24,087**
CCG's Better Care Fund	14,694	14,962
iBCF	0	12,046
Total Better Care Fund funding	**38,090**	**51,095**
Total expenditure	**38,090**	**51,095**

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. This year there was an additional allocation of £12m Improved Better Care Fund (iBCF). The total BCF and iBCF in 2017-18 was £51.1m. It is a pooled budget with Bradford City CCG, Bradford Districts CCG and part of Airedale, Wharfedale and Craven CCG.

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

For the Community Equipment scheme where there is a joint operation, the value of Bradford Districts Clinical Commissioning Group's contribution (which forms part of its total Better Care Fund contribution) was £898,992 (2016-17 £989,331). The clinical commissioning group's share of assets and liabilities relating to the Community Equipment scheme are not recognised in the Accounts as the values are not considered to be material.

Note 29. Termination Benefits

In 2017-18 the Council incurred voluntary and compulsory redundancy costs of £0.426m (£0.274m in 2016-17) together with £1.179m (£1.936m in 2016-17) 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 8,762 participating employers in 2017-18, 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 2018, the Council's own contributions equate to approximately 0.25%.

In 2017-18, the Council paid £15.650m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The figures for 2016-17 were £18.892m and 16.48%. There were contributions remaining payable at the year-end of £1.278m. The contributions due to be paid in the next financial year are estimated to be £15.000m.

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 8,848 participating employers as at 31 March 2017, including 141 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 2018, the Council's own contributions equate to approximately 0.002%.

In 2017-18, the Council paid £0.173m to NHS Pensions in respect of the relevant employees' retirement benefits, representing 14.38% of pensionable pay. The figures for 2016-17 were £0.170m and 14.3%. There were contributions remaining payable at the year-end of £0.015m. The contributions due to be paid in the next financial year are estimated to be £0.158m.

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

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

Note 31. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

b) The Local Government Pension Scheme, administered through a number of separate regional funds. The Council is a member of the West Yorkshire Pension Fund – this is a funded career average defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, determined by the fund's professionally qualified actuary at 31 March 2016 for the three years 1 April 2017 to 31 March 2020. The contribution rates set by the actuary are intended to balance the fund's liabilities with the investment assets over the period. The employer contribution rate for the year 2017-18 in respect of Bradford members of the West Yorkshire Pension Fund was 17.5%.

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

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

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

Discretionary Post-retirement Benefits

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

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary Benefits Arrangements		Teachers Voluntary Early Retirement Discretionary Benefits Arrangements		Total	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement								
Cost of Services:								
• Current service cost*	51,162	64,933	0	0	0	0	51,162	64,933
• Past service costs	1,838	1,006	0	0	0	0	1,838	1,006
• Gain (-) / loss from settlements	-7,963	0	0	0	0	0	-7,963	0
Financing and Investment Income and Expenditure								
• Net interest expense	18,756	16,836	1,592	1,203	2,743	2,118	23,091	20,157
Total Post-Employment Benefit Charged to the Surplus or Deficit on Provision of Services	**63,793**	**82,775**	**1,592**	**1,203**	**2,743**	**2,118**	**68,128**	**86,096**
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)	-281,591	-19,158	0	0	0	0	-281,591	-19,158
• Actuarial gains (-) and losses arising on changes in demographic assumptions	-58,786	0	-512	0	-287	0	-59,585	0
• Actuarial gains (-) and losses arising on changes in financial assumptions	497,124	-2,450	4,199	2	7,824	4	509,147	-2,444
• Actuarial gains (-) and losses due to liability experience	-62,953	9,941	-508	466	-514	823	-63,975	11,230
Total Post-Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**157,587**	**71,108**	**4,771**	**1,671**	**9,766**	**2,945**	**172,124**	**75,724**
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	-63,793	-82,775	-1,592	-1,203	-2,743	-2,118	-68,128	-86,096
Actual amount charged against the General Fund balance for pensions in the year:								
• Employers' contributions payable to the scheme	**33,129**	**38,402**	**0**	**0**	**0**	**0**	**33,129**	**38,402**
• Retirement benefits payable to pensioners	**0**	**0**	**3,481**	**3,458**	**5,781**	**5,652**	**9,262**	**9,110**

* The current service cost includes an allowance for the administration expenses of £0.519m in 2017-18 (£0.662m in 2016-17).

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	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	2,702,567	2,774,246	49,822	48,035	87,520	84,813	2,839,909	2,907,094
Fair value of plan assets	2,010,034	2,049,007	0	0	0	0	2,010,034	2,049,007
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	**692,533**	**725,239**	**49,822**	**48,035**	**87,520**	**84,813**	**829,875**	**858,087**

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	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	**1,738,002**	**2,010,034**	**0**	**0**	**0**	**0**	**1,738,002**	**2,010,034**
Interest income on assets	58,647	49,884	0	0	0	0	58,647	49,884
Re-measurement gains and losses (-) on assets	281,591	19,158	0	0	0	0	281,591	19,158
Contributions from employer	33,129	38,402	3,481	3,458	5,781	5,652	42,391	47,512
Contributions from employees into the scheme	13,940	13,978	0	0	0	0	13,940	13,978
Benefits paid*	-74,126	-79,321	-3,481	-3,458	-5,781	-5,652	-83,388	-88,431
Net increase in assets from disposals/acquisitions	0	-3,128	0	0	0	0	0	-3,128
Settlements	-41,149	0	0	0	0	0	-41,149	0
Closing balance at 31 March	**2,010,034**	**2,049,007**	**0**	**0**	**0**	**0**	**2,010,034**	**2,049,007**

* 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	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	**2,306,077**	**2,702,567**	**48,532**	**49,822**	**83,535**	**87,520**	**2,438,144**	**2,839,909**
Current service cost	51,162	64,933	0	0	0	0	51,162	64,933
Interest cost	77,403	66,720	1,592	1,203	2,743	2,118	81,738	70,041
Contributions from scheme participants	13,940	13,978	0	0	0	0	13,940	13,978
Re-measurement gains (-) and losses:								
Actuarial gains (-) and losses arising from changes in demographic assumptions	-58,786	0	-512	0	-287	0	-59,585	0
Actuarial gains (-) and losses arising from changes in financial assumptions	497,124	-2,450	4,199	2	7,824	4	509,147	-2,444
Actuarial gains (-) and losses due to liability experience	-62,953	9,941	-508	466	-514	823	-63,975	11,230
Past service costs	1,838	1,006	0	0	0	0	1,838	1,006
Benefits paid	-74,126	-79,321	-3,481	-3,458	-5,781	-5,652	-83,388	-88,431
Net increase in liabilities from disposals/acquisitions	0	-3,128	0	0	0	0	0	-3,128
Liabilities extinguished on settlements	-49,112	0	0	0	0	0	-49,112	0
Closing balance at 31 March	**2,702,567**	**2,774,246**	**49,822**	**48,035**	**87,520**	**84,813**	**2,839,909**	**2,907,094**

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 2017	31 March 2017	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018
	£000	%	£000	%	£000	%	£000	%
	Total	Total	Quoted	Quoted	Unquoted	Unquoted	Total	Total
Equity investments	1,551,748	77.2	1,436,354	70.1	147,529	7.2	1,583,883	77.3
Government bonds	203,013	10.1	192,607	9.4	0	0.0	192,607	9.4
Other bonds	78,391	3.9	75,813	3.7	0	0.0	75,813	3.7
Cash	24,120	1.2	36,882	1.8	0	0.0	36,882	1.8
Property	86,431	4.3	92,205	4.5	0	0.0	92,205	4.5
Other assets	66,331	3.3	30,735	1.5	36,882	1.8	67,617	3.3
Total	**2,010,034**	**100.0**	**1,864,596**	**91.0**	**184,411**	**9.0**	**2,049,007**	**100.0**

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.wypf.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 2017. 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 2017	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**
Mortality Assumptions	years	years	years	years	years	years
Longevity at 65 for current pensioners (aged 65 at accounting date):						
Men	22.1	22.1	22.1	22.1	22.1	22.1
Women	25.2	25.3	25.2	25.3	25.2	25.3
Longevity at 65 for future pensioners (aged 45 at accounting date):						
Men	23.0	23.1	-	-	-	-
Women	27.0	27.1	-	-	-	-
Commutation i.e. take-up of option to convert annual pension into retirement lump sum	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.	-	-	-	-
Financial assumptions	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Rate of RPI inflation	3.1	3.2	3.1	3.2	3.1	3.2
Rate of CPI Inflation	2.0	2.1	2.0	2.1	2.0	2.1
Rate of increase in salaries	3.25	3.35	-	-	-	-
Rate of increase in pensions	2.0	2.1	2.0	2.1	2.0	2.1
Discount rate	2.5	2.6	2.5	2.6	2.5	2.6

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	Change in Present Value of Defined Benefit Obligation	Present Value of Defined Obligation Benefit After Decrease in Assumption	Change in Present Value of Defined Benefit Obligation
	£000	%	£000	%
Mortality/Longevity i.e. Post-retirement mortality age rating * - increase or decrease by 1 year	2,690,668	-3.0	2,858,282	3.0
Rate of increase in salaries - increase or decrease by 0.1%	2,784,348	0.4	2,764,237	-0.4
Rate of increase in pensions - increase or decrease by 0.1%	2,813,855	1.4	2,735,249	-1.4
Discount rate i.e. Rate for discounting scheme liabilities - increase or decrease by 0.1%	2,725,326	-1.8	2,824,045	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 2019 are £38.717m.

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 2019 are £3.562m and £5.822m, 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 2018 (17.8 years at 31 March 2017).

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 2018 (9.6 years at 31 March 2017) & the weighted average duration of the unfunded defined benefit obligation for Teachers Voluntary Early Retirement Discretionary Benefits is 10.0 years at 31 March 2018 (10.0 years at 31 March 2017).

Note 32. Members' Allowances

- The total cost to the Council in respect of Members' allowances in 2017-18 was £1,942,671 and £14,726 expenses (£1,933,455 and £30,302 expenses in 2016-17). Excluding Employers National Insurance contributions directly paid over to Central Government, the cost of Members Allowances in 2017-18 was £1,794,546 and £14,726 expenses (£1,781,534 and £30,302 expenses in 2016-17)

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 2016-17	Employees Emoluments	Number of Employees 2017-18
153	£50,000 - £54,999	104
84	£55,000 - £59,999	60
61	£60,000 - £64,999	52
46	£65,000 - £69,999	40
21	£70,000 - £74,999	28
16	£75,000 - £79,999	14
18	£80,000 - £84,999	11
6	£85,000 - £89,999	9
5	£90,000 - £94,999	7
4	£95,000 - £99,999	1
2	£100,000 - £104,999	2
1	£105,000 - £109,999	2
1	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	1
1	£125,000 - £129,999	1
419	Total	333

The above figures include 208 teachers (293 in 2016-17).

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:

a) 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
b) The head of staff for a relevant body which does not have a designated head of paid service; or
c) 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.

2017-18 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)								
Post Title	Note	Salary including fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	A	£	£	£	£	£	£	£
Strategic Director – Corporate Services	H	113,403				113,403	19,846	133,249
Strategic Director – Children's Services		139,223				139,223	24,364	163,587
Strategic Director Health and Wellbeing		134,083				134,083	23,464	157,547
Strategic Director - Place		133,755				133,755	23,407	157,162
Director of Human Resources	L	81,929				81,929	14,338	96,267
City Solicitor	B/I	78,127				78,127	13,672	91,799
Director of Public Health	N	103,287		24,029		127,316	14,853	142,169
Assistant Director – Office of the Chief Executive		85,933				85,933	15,038	100,971
Director of West Yorkshire Pension Fund		98,315				98,315	17,205	115,520
Interim Strategic Director Corporate Resources (Monitoring Officer)	I	22,441				22,441	3,927	26,368
Interim City Solicitor	J	28,707				28,707	0	28,707
Assistant Director Finance & Procurement (Chief Financial Officer)	K	16,092				16,092	2,816	18,908
Interim Director of Human Resources	M	18,666				18,666	3,267	21,933
Interim Director of Public Health	O	8,635				8,635	1,235	9,870

2016-17 Senior Officers with a salary less than £150k per annum (excluding Employer Pension contributions)								
Post Title	Note	Salary including fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	A	£	£	£	£	£	£	£
Strategic Director – Corporate Services	D	32,164				32,164	4,553	36,717
Strategic Director – Children's Services		137,845				137,845	19,574	157,419
Strategic Director Health and Wellbeing	E	72,681				72,681	10,321	83,002
Strategic Director - Place	D	32,164				32,164	4,555	36,719
Director of Human Resources		97,342				97,342	13,822	111,164
City Solicitor	B/F	80,565				80,565	11,440	92,005
Director of Public Health		104,410				104,410	14,931	119,341
Assistant Director – Office of the Chief Executive	C	20,358				20,358	2,891	23,249
Director of West Yorkshire Pension Fund		97,342				97,342	13,822	111,164
Strategic Director Environment & Sport	D	86,504				86,504	12,296	98,800
Strategic Director – Regeneration and Culture	D	86,504				86,504	15,781	102,285
Interim Strategic Director Adult & Community Service	E	48,880				48,880	7,003	55,883
Director of Finance	D	83,922				83,922	11,931	95,853

Interim City Solicitor	G	14,925				14,925	0	14,925

Senior Officers' Remuneration

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

2017-18 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)

Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	A	£	£	£	£	£	£	£
Chief Executive - Kersten England	B	182,064				182,064	31,861	213,925

2016-17 Senior Officers with salary more than £150k per annum (excluding Employer Pension contributions)

Post Title and Holder	Note	Salary including Fees & Allowances	Expense Allowances	Comp'n for Loss of Office	Benefits in kind	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	A	£	£	£	£	£	£	£
Chief Executive - Kersten England	B	180,261				180,261	25,377	205,638

Notes:

A. Contracted annualised salary excludes honorariums, extra duty payments and transport allowances, as well an 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 2017-18

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

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

Annualised Salary for 2016-17

Chief Executive – Kersten England - £180,261
Strategic Director – Corporate Services - £131,483
Strategic Director Children's Services – £137,845
Strategic Director – Health and Wellbeing - £131,483
Strategic Director – Place - £131,483
Director of Human Resources – £97,342
City Solicitor - £91,933

Director of Public Health – £99,910
Assistant Director of the Office of the Chief Executive £83,282
Director West Yorkshire Pension Fund – £97,342
Strategic Director Environment and Sport –£114,518
Strategic Director Regeneration and Culture – £114,518
(Interim) Strategic Director Adult and Community Services – £110,278
Director of Finance – £111,100
Interim City Solicitor – £135,600*

*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 for the Interim City Solicitor.

B The following amounts were paid in 2017-18 for election duties and are not included in salaries.

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

2016-17 Senior Officers Election Duty Remuneration				
Post Title and Holder	Salary including Fees & Allowances	Total Remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	£	£	£	£
Chief Executive - Kersten England	27,150	27,150	3,822	30,972
City Solicitor	3,768	3,768	535	4,303

C The post of Assistant Director – Office of the Chief Executive started on 3 January 2017 and the costs shown are from the 3 January 2017 to 31 March 2017.

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 2017 the Director of Finance became the Strategic Director Corporate Services. Also on 3 January 2017 the Strategic Director Environment and Sport became the Strategic Director Place. The costs shown for the Strategic Director Corporate Service and Strategic Director Place roles are from 3 January 2017 to 31 March 2017.

E 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.

F The City Solicitor started on 16 May 2016.

G The Interim City Solicitor was in post from 7 March 2016 to 19 May 2016.

H The Strategic Director Corporate Services left on 5 February 2018.

I The City Solicitor became the Interim Strategic Director Corporate Resources (Monitoring Officer) on 29 January 2018.

J The Assistant City Solicitor became the Interim City Solicitor on 29 January 2018. The Interim City Solicitor is employed by an agency and the costs shown are those invoiced by the agency which complies with the HMRC requirements of IR35. The costs relate to an average of 35.75 hours worked a week.

K The Assistant Director Finance & Procurement took on the additional role of Chief Financial Officer on 29 January 2018.

L The Director of Human Resources left on 31 January 2018.

M The Head of Human Resources became the Interim Director of Human Resources on 19 January 2018.

N The Director of Public Health left on 27 March 2018.

O The Consultant in Public Health became the Interim Director of Public Health on 27 February 2018.

Exit Packages

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

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

Compulsory Redundancies				
Number of Exit Packages 2016-17	Cost to Council 2016-17	Cost Bandings	Number of Exit Packages 2017-18	Cost to Council 2017-18
	£			£
11	79,250	£0 - £19,999	57	307,697
1	24,308	£20,000 - £39,999	6	179,384
1	57,938	£40,000 - £59,999	1	47,897
1	69,592	£60,000 - £79,999	2	132,901
1	91,739	£80,000 - £99,999	0	0
0	0	£100,000 - £149,999	1	119,302
0	0	£150,000 - £199,999	0	0
1	231,690	£200,000 - £249,999	0	0
16	**554,517**	**Total**	**67**	**787,180**

Other Departures				
Number of Exit Packages 2016-17	Cost to Council 2016-17	Cost Bandings	Number of Exit Packages 2017-18	Cost to Council 2017-18
	£			£
83	683,764	£0 - £19,999	55	298,350
19	529,647	£20,000 - £39,999	10	251,419
9	451,790	£40,000 - £59,999	1	42,473
6	498,309	£60,000 - £79,999	2	141,744
4	357,734	£80,000 - £99,999	3	280,297
5	571,922	£100,000 - £149,999	1	135,861
0	0	£150,000 - £199,999	0	0
0	0	£200,000 - £249,999	0	0
126	**3,093,167**	**Total**	**72**	**1,150,142**

There have been 3 amendments to last year's published 2016-17 Exit Packages figures, totalling £179,856. These all relate to payments for early retirement costs made in 2017-18 but relating to employees who left in 2016-17. Also, one of these employees has been moved from the Other table to the Compulsory table as they had previously been wrongly allocated.

Note 34. Capital Charges and the Repayment of External Loans

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

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

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

The MRP for 2017-18 is £1m, comprising a 2017-18 charge of £24,738m, less an estimated overprovision of £23,738 (2016-17 £24.376m).

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

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure of £5.923m in 2017-18 (£4.306m in 2016-17) 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 £27.795m in 2017-18 is made up of £32.892m from the de-recognition of assets and £5.097m in capital receipts. There was a loss on disposal in 2017-18 largely because of schools that were de-recognised from assets when they converted to Academies. The Council does not receive capital receipts when schools convert to academies.

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

Note 35. Leases

Council as Lessee

Finance Leases

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

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

31 March 2017	Finance Leases as Lessee	31 March 2018
£000		£000
72	Other land and Buildings	48
371	Vehicles, Plant, Furniture and Equipment	422
443	**Total**	**470**

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 2017	**Finance Lease liabilities** (net present value of minimum lease payments)	31 March 2018
£000		£000
143	Current	156
303	Non-current	300
64	Finance costs payable in future years	35
510	**Total Minimum Lease Payments**	**491**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000
Not later than one year	174	178	143	156
Later than one year and not later than five years	336	313	303	300
Later than five years	0	0	0	0
	510	**491**	**446**	**456**

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 2018 the forecast rental income for 2018-19 is £12,000.

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

Operating Leases

The Council has entered into a number of operating leases for buildings, vehicles, photocopiers and office equipment. The amount charged under these arrangements in the Comprehensive Income and Expenditure Statement during 2017-18 was £1.5m (£2.3m 2016-17).

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

31 March 2017 £000		31 March 2018 £000
1,234	Not later than one year	906
1,802	Later than one year and not later than five years	1,893
2,573	Later than five years	2,307
5,609	**Total**	**5,106**

Council as Lessor

Finance Leases

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

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

31 March 2017 £000	Finance lease debtor (net present value of minimum lease payments)	31 March 2018 £000
0	Current	0
223	Non-current	210
2,634	Unearned finance income	2,573
2,857	**Gross Investment in the Lease**	**2,783**

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 2017 £000	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000
Not later than one year	26	26	26	26
Later than one year and not later than five years	154	105	154	105
Later than five years	2,677	2,652	2,677	2,652
	2,857	**2,783**	**2,857**	**2,783**

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

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

Operating Leases

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

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

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

31 March 2017 £000		31 March 2018 £000
2,996	Not later than one year	3,592
6,604	Later than one year and not later than five years	9,032
68,788	Later than five years	69,517
78,388	**Total**	**82,141**

The minimum lease payments receivable do not include rents that are contingent on events after the lease was entered into, such as income based on a percentage of income receipts. In 2017-18 £0.459m contingent rents were receivable by the Council (2016-17 £0.568m).

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.

2016-17 £000	BSF Private Financing Initiative	2017-18 £000
	Charges to Net Cost of Services	
4,169	Unitary Payments to the Contractor for services provided	4,796
4,169	**Total charges to the revenue account**	**4,796**
	Net Operating Expenditure	
6,529	Interest element of finance lease payments	6,253
	Movement in Reserves Statement	
2,408	Capital element of finance lease	2,343
13,106	**Total PFI charges**	**13,392**
	Financed By	
9,005	Government PFI Revenue Grant	9,005
4,487	Education	4,822
0	Council and Schools contribution	0
13,492	**Total Financing**	**13,827**
386	**Transfer to BSF PFI Reserve**	**435**

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 2018 are as follows:

Year	Unitary Charge £000	Principal £000	Interest £000	Service charge and life cycle costs £000
Within 1 year	12,135	2,502	5,703	3,930
2-5	49,863	11,074	21,000	17,789
6-10	65,569	19,860	20,467	25,242
11-15	69,609	29,686	11,617	28,306
16-20	5,523	3,160	174	2,189
Total	**202,699**	**66,282**	**58,961**	**77,456**

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:

2016-17 £000	Analysis of Outstanding Liability for BSF Phase 1	2017-18 £000
71,032	**Balance outstanding at 31 March**	**68,625**
-2,407	Payments during the year	-2,343
68,625	**Balance outstanding at year end**	**66,282**

The closing value of assets held under the scheme at 31 March 2018 was £18.830m (£19.254m 31 March 2017) 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 2018 were £66.282m (£68.625m at 31 March 2017). The decrease of £2.343m 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.

2016-17 £000	BSF Private Financing Initiative	2017-18 £000
	Charges to the Revenue Account	
8,719	Unitary Payments to the Contractor for services provided	9,224
8,719	**Total charges to the revenue account**	**9,224**
	Net Operating Expenditure	
11,843	Interest element of finance lease payments	11,751
	Statement of Movement on the General Fund Balance	
5,924	Capital element of finance lease	5,868
26,486	**Total PFI charges**	**26,843**
	Financed By	
18,297	Government PFI Revenue Grant	18,297
8,602	Education	8,939
0	Council and Schools contribution	0
26,899	**Total Financing**	**27,236**
413	**Transfer to BSF PFI Reserve**	**393**

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

Year	Unitary Charge	Principal	Interest	Service charge and life cycle costs
	£000	£000	£000	£000
Within 1 yr	25,376	5,727	11,367	8,282
2-5	104,104	20,824	43,638	39,642
6-10	136,484	29,072	51,419	55,993
11-15	144,406	33,274	44,722	66,410
16-20	89,511	22,512	22,416	44,583
Total	**499,881**	**111,409**	**173,562**	**214,910**

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

2016-17 £000	Analysis of Outstanding Liability for BSF Phase 2	2017-18 £000
123,201	**Balance outstanding at 31 March**	**117,277**
-5,924	Payments during the year	-5,868
	Capital Expenditure incurred in the year	
117,277	**Balance outstanding at year end**	**111,409**

The closing value of assets held under the scheme at 31 March 2018 was £23.135m (£23.639m 31 March 2017) 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 2018 were £111.409m (£117.277m 31 March 2017).

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 £41.965m, per Note 9 page 45 and the total liabilities are £177.691m. The total excess of liabilities over assets for BSF Phase 1 and 2 is £135.725m. This reduces the Council's Net Assets as shown in its Balance Sheet, on page 24, by £135.726m.

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:

2016-17 £000		2017-18 £000
	Capital Expenditure and Capital Financing Requirement	
665,655	**Opening Capital Financing Requirement**	**653,419**
	Capital investment	
49,606	Property, Plant and Equipment	56,107
0	Aborted cost on prior year capital expenditure	0
0	Investment properties	4,352
316	Intangible Assets	41
521	Heritage Assets	0
0	Asset Held for Sale	0
11,555	Revenue Expenditure funded from Capital under statute	12,093
0	Capital loans	310
	Sources of Finance	
-6,416	Capital Receipts Applied	-8,765
-38,636	Government grants and other contributions	-41,180
-4,306	Sums set aside from revenue	-5,923
-500	Donated assets	0
-8,943	Repayment of Principal on PFI and Other Finance Leases	-8,402
-15,256	MRP/loans fund principal	-16,166
0	Revision to estimated provision for amounts set aside	23,738
-177	Payments of Principal on Long-Term Liabilities	-170
653,419	**Closing Capital Financing Requirement**	**669,454**
	Explanation of movements in year	
-12,358	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	15,834
122	Assets acquired under finance leases	201
0	Assets acquired under PFI contracts	0
-12,236	**Increase/ (decrease) in Capital Financing Requirement**	**16,035**

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

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

The cost of revenue expenditure funded from capital under statute (REFCUS) in the year was £12.093m (£11.555m in 2016-17). Grants of £9.957m funded this in year REFCUS expenditure (£8.696m in 2016-17), including £5.634m transferred from the Capital Grants Unapplied reserve (£3.792m in 2016-17).

Note 39. Other Long Term Liabilities

The total deferred liabilities at 31 March 2018 are £1,032.108m compared to a total of £1,012.286m at 31 March 2017. The main liability is in respect of the actuarially calculated pension liability which is £28.212m higher at 31 March 2018 when compared to 31 March 2017.

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 2018 was £177.691m (£185.902m at 31 March 2017), of which £169.462m is a deferred liability and £8.228m 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 2018 was £3.765m (£3.921m at 31 March 2017).

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.

2016-17 £000	Other Long Term Liabilities	2017-18 £000
829,875	Pension Liability	858,087
	BSF	
66,282	Phase 1	63,780
111,409	Phase 2	105,682
3,921	Waste Management Joint Committee Debt	3,765
799	Other	794
1,012,286		1,032,108

The combined liability shown on the Balance Sheet of PFI Phase 1 and Phase 2 is £177.691m. As with all the Long-Term liabilities and current liabilities, the liability of £177.691m impacts on the Balance Sheet by reducing the net assets of the authority. However, this liability is matched with a government grant for Phase 1 of £9.005m and £18.297m for Phase 2, totalling £27.302m, see Note 45, page 86. 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 2017-18.

Note 41. Related Party Transactions

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

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

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

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

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

The 2017-18 financial year was the third year of operation. The value of its financial transactions is expected to expand in future years.

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

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

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

Business Rates Pool - The Business Rates Pool comprises the Councils of Bradford, Leeds, Calderdale, Kirklees, Wakefield, York and Harrogate. Councils received a 49% share of Business Rates in 2017-18, 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 25).

Action for Business

The Council sometimes uses services provided by Action for Business to deliver its objectives. On 2 February 2018 Action For Business (Bradford) Ltd (company number 2728593) was lent £310,000. A legal charge was taken on Carlisle Business Centre and surrounding land as security. £55,125 was repaid immediately in settlement of a legal charge on the property dated 14 September 2009. Interest is charged at 3% and the maximum term of the loan is 25 years. Repayments of interest and capital are due monthly.

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 and the Chair of the West Yorkshire Combined Authority. The Council contributed £23.715m in revenue funding to the Transport Committee of the West Yorkshire Combined Authority in 2017-18 and received from the Committee a capital grant of £9.3m, 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 £0.802m revenue funding towards West Yorkshire Joint Services in 2017-18. The Employees' Remuneration Note 33 can be viewed on p71.

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

Members of the Council have direct control over the Council's financial and operating policies. The Members' Allowances Note 32 can be viewed on p71. Where members have an interest in companies or other organisations, details of such interests are recorded in the Register of Members' Interests which is open to public inspection. During 2017-18, material transactions totalling approximately £33.2m net took place with such organisations. £23.7m of expenditure on related parties (of which £0.16m is still outstanding) has been netted off £56.9m income from related parties (of which £7.7m is still outstanding). Any contracts are entered into in full compliance with the Council's standing orders. Grants are made in line with proper consideration of declarations of interest. The members with declared interests take no part in any discussion or decision relating to grants made.

Chief Officers

The Pension Fund has an investment in Montanaro European Smaller Companies Fund plc, which at 31st March 2018 was valued at £13.14m (£24.67m 31st March 2017), and has an original cost of £4.9m. Investment activity during the reporting period 2017/18 resulted in a sale of stock to the value of £13.55m. The Director, West Yorkshire Pension Fund, is a non-executive director of Montanaro European Smaller Companies Fund plc, for which he is paid a fee.

West Yorkshire Pension Fund

The Council administers the West Yorkshire Pension Fund. In 2017-18 it charged the Fund £0.422m in respect of support services provided (£0.347m in 2016-17). 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:

2016-17 £000	Other Public Bodies	2017-18 £000
	Payment of precepts	
7,971	West Yorkshire Fire and Rescue Authority	8,297
19,485	Police and Crime Commissioner West Yorkshire	20,567
1,407	Parish Councils	1,711
25,562	Payments to joint committees, joint services and other bodies	*24,869
5	Parish Councils (running expenses and allotment grants)	52

*Includes a revenue contribution of £23.715m to the Transport Committee of the West Yorkshire Combined Authority. In addition, the Council received a £9.3m capital grant payment from the same Committee.

Subsidiary and Associated Companies

The Council had financial relationships in 2017-18 with the following companies. Their assets and liabilities are not included in the Council's accounts.

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 2018 was £78,500 (31 March 2017 £81,000).

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 available from companies house.

Active Bradford Ltd, (11178024) is a private limited company incorporated on 30 January 2018. The company is limited by guarantee and the City of Bradford Metropolitan District Council is one of 6 subscribers. The subscribers are organisations from across the district that are committed to working together to increase the number of people being active and playing sport across the Bradford district. The company did not trade between incorporation and 31/03/18.

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

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

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

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

In 2017-18 the Council received a £0m interim dividend from our 10% investment in Integrated Bradford LEP (£0m 2016-17)

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 2016-17) 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 2017-18 the Council included its contribution of £0.802m to these arrangements (£0.796m in 2016-17) 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:

2016-17 £000	External Audit Costs	2017-18 £000
185	External audit services	185
20	Certification of grant claims and returns	17
48	West Yorkshire Pension Fund	48
0	Fees for other services	0
253	**Total**	**250**

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

Bradford was allocated £516.268m for financial year 2017/18, see the table below:

Dedicated Schools Grant	**2016-17**	**2016-17**	**2016-17**	**2017-18**	**2017-18**	**2017-18**
	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	503,657			516,268		
Academy Recoupment	-170,526			-223,299		
Total DSG after Academy Recoupment	**333,131**			**292,969**		
Plus DSG b/f from previous year	887			458		
DSG carry forward to following year agreed in advance	0			0		
Agreed Budget Distribution	**334,018**	**19,643**	**314,375**	**293,427**	**24,710**	**268,717**
In Year Adjustments	-123	0	-123	0	0	0
Final Budgeted Distribution	**333,895**	**19,643**	**314,252**	**293,427**	**24,710**	**268,717**
Less Actual ISB deployed to schools	314,252	0	314,252	268,717	0	268,717
Less Actual Central Expenditure	19,185	19,185	0	19,945	19,945	0
Carry Forward	**458**	**458**	**0**	**4,765**	**4,765**	**0**
Carry Forward agreed in Advance	0	0	0	0	0	0
Total Carry Forward	**458**			**4,765**		

Note 44. Contingent Liabilities and Assets

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

Employment Tribunal

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

Municipal Mutual Insurance Limited (MMI Ltd)

Prior to 1992, the Council's public liability and employers liability insurance were supplied by MMI Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Agreement. A court ruling in relation to employers liability for occupational disease claims such as asbestosis has adversely affected the financial position of MMI Ltd to the extent that the Scheme of Arrangement has been triggered. The initial levy rate has been set at 15%. An additional levy was triggered for a further 10% on 1 April 2017, for which a provision was set aside as at 31 March 2018 (Please see Provisions, Note 20, p53).

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 have been previously settled. It is possible that additional claimants may come forward to submit claims for refunds. An amount of £0.1m is set aside within provisions for refund of search fees (Please also see Provisions, Note 20, p53).

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 44b. Financial Guarantees

Pension Fund Guarantees

The Council has agreed, subject to limitations, to guarantee the pension fund deficit of various bodies. Based on the operational plans of the bodies, the likelihood of these guarantees being called is remote, and as such no recognition has been made in the financial statements.

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 2017-18:

	2016-17 £000	2017-18 £000
Credited to Net cost of Services		
Dedicated Schools Grant (DSG)	332,448	292,846
Rent Allowance Subsidy	170,152	164,511
Public Health	44,016	42,930
Pupil Premium	23,431	17,449
PFI Revenue Support	27,301	27,301
Education and Schools	23,145	21,861
Education Services	6,182	1,393
NHS Adult Social Care	10,711	29,288
Independent Living Fund	2,067	2,074
Revenue Expenditure Funded from Capital under Statute (REFCUS)	4,848	4,310
Council Tax reduction & housing benefits administration	3,524	3,028
Miscellaneous under £500k	945	1,395
Safer Communities	2,494	2,302
Troubled Families	1,776	570
Contribution to cost of Business Rates collection	754	737
Youth Training	865	795
European Union	213	327
Adoption Grant	871	404
Local Reform & Community Voices	314	319
Asylum seekers accommodation and resettlement	226	1,182
Controlling migration	0	744
Arts, Heritage & Leisure	551	443
Total	**656,834**	**616,209**
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	83,947	62,849
Top Up Grant	57,040	64,679
New Homes Bonus Grant	11,444	8,557
Small Business Rates and other Section 31 grants	7,532	10,895
Local Services Support Grant	104	652
Total	**160,067**	**147,632**

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:

	2016-17 £000	2017-18 £000
Capital Grants Receipts in Advance		
Developer's contributions	8,361	10,258
Total (See Balance Sheet p24)	**8,361**	**10,258**

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.

The Council has recognised an impairment loss of £0.35m on Property, Plant and Equipment in the Surplus or Deficit on the Provision of Services.

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 an amortised basis using the effective interest rate (EIR) method.

In addition to help identify and quantify the exposure to risk and management of it, 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 2017 £000	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000
Investments				
Loans and receivables (Principal amount)	0	0	67,251	66,830
Accrued Interest	0	0	13	11
Equity Investments	1	1	0	0
Available for sale financial assets	0	0	10,014	0
Total Investments	**1**	**1**	**77,278**	**66,841**
Debtors				
Loans and receivables	1,484	2,104	22	20
Financial assets carried at contract amounts	0	0	34,136	35,334
Total Debtors	**1,484**	**2,104**	**34,158**	**35,354**
Borrowings				
Financial liabilities at amortised cost (Principal amount)	326,826	317,167	17,212	15,233
Accrued Interest	0	0	3,623	3,621
Total Borrowings	**326,826**	**317,167**	**20,835**	**18,854**
Other long term liabilities				
PFI and finance lease liabilities	177,994	169,762	8,354	8,384
Total other long term liabilities	**177,994**	**169,762**	**8,354**	**8,384**
Creditors				
Financial liabilities carried at contract amounts	0	0	29,365	33,034
Total creditors	0	0	**29,365**	**33,034**

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

Fair value of Financial Instruments

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

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

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

The fair values calculated are as follows:

2016-17 Carrying amount	2016-17 Fair value	Fair value of liabilities carried at amortised cost at 31 March	2017-18 Carrying amount	2017-18 Fair value
£000	£000		£000	£000
288,888	394,528	PWLB Loans	278,887	373,641
43,121	63,369	LOBO's	43,105	62,065
400	400	Other loans	400	400
3,623	3,623	Short term borrowing	3,621	3,621
7,042	7,042	Cash overdrawn	5,586	5,586
4,256	6,201	Other local authorities re joint services	4,087	5,986
331	331	Other	335	335
186,348	186,348	PFI and finance lease liabilities	178,146	178,146
29,365	29,365	Financial liabilities at contracted amounts	33,034	33,034
563,374	**691,207**	**Total Liabilities**	**547,201**	**662,814**

The fair value of the liabilities 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 2018) 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 2017-18 the fair value would be calculated as £422.921m.

2016-17 Carrying amount	2016-17 Fair value	Fair value of assets carried at amortised cost at 31 March	2017-18 Carrying amount	2017-18 Fair value
£000	£000		£000	£000
11,011	11,011	Investments	15,003	15,003
56,253	56,253	Investments – cash and cash equivalents	51,838	51,838
1	1	Equity Investments -Integrated Bradford Local Education Partnership (LEP) Ltd	1	1
1,506	1,646	Debtors – loans and receivables	2,124	2,240
34,136	34,136	Financial assets at contracted amounts	35,334	35,334
102,907	**103,047**	**Total Financial Assets**	**104,300**	**104,416**

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.

2016-17 £000	Recognised gains and losses	2017-18 £000
	Recognised in the Comprehensive Income and Expenditure Statement	
	Financial assets: Loans and receivables	
-1,060	Interest income	-949
-1,060	**Total income in surplus or deficit on the provision of services**	**-949**
	Financial Liabilities measured at amortised cost	
19,947	Interest payable	18,193
18,431	Interest Payable on PFI and Finance leases	18,037
	Recognised in Other Comprehensive Income and Expenditure	
38,378	**Total expense in surplus or deficit on the provision of services**	**36,230**

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 Assistant Director of Finance and Procurement 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 on18 July 2017 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-1or 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 2017-18 was approved by Full Council on 18 July 2017 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 2018, the Council had a balance owing from its customers (mainly service and rent) of £48.769m (£34.136m 31 March 2017). The exposure to default has been assessed and is reflected in a bad debt (or impairment) provision of £3.057m.

At the year end the Council held investments of £66.841m, made up of £15.003m Investments and £51.838m 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 2018 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 2017 £000	Total Borrowing	31 March 2018 £000
	Source of loan and interest rate range :	
288,888	Public Works Loan Board (3.7% to 10%)	278,887
43,121	Commercial Banks (3.2% to 4.5%)	43,105
400	Other – WYCA	400
332,409		**322,392**
	Analysis of loans:	
	Short Term Borrowing	
10,000	Maturing in less than 1year	**9,484**
	Long Term Borrowing	
33,942	Maturing in 2 - 5 years	39,970
55,088	Maturing in 5 - 10 years	56,060
52,857	Maturing in 10 - 15 years	54,373
180,522	Maturing in more than 15 years	162,505
322,409	**Total Long Term Borrowing**	**312,908**
332,409	**Total Borrowing**	**322,392**

The total borrowing shown on the Balance Sheet, page 24, of £326.013m, calculated by adding together short term (£13.105m) and long term borrowing (£312.908m), includes accrued interest of £3.621m, 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 2018 with all other variables held constant, the financial effect would be:

31 March 2017 £000	Effect of 1% increase in interest rates	31 March 2018 £000
0	Increase in interest payable on variable rate borrowings	0
-597	Increase in interest receivable on variable rate investments	-501
0	Increase in government grant receivable for financing costs	0
-597	**Impact on Surplus or Deficit on the Provision of Services**	**-501**

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 financial assets denominated in foreign currencies. In September 2017 the Council bought £8,322,671 of Euros to manage the risk that exchange rates would fluctuate on a contract that includes part payment in Euros. This money is being held in the Council's bank account and as at 31 March 2018 was worth £8,264,680.

Note 48. Trust Funds and Custodial Money

The Assistant Director of Finance and Procurement 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.

£20,313 (£32,600 at 31 March 2018) 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 2017	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2017-18	Income 2017-18	Balance 31 March 2018
£		£	£	£
607,085	The Charles Semon Educational Foundation	0	14,413	621,498
543,011	Bradford area	9,698	17,579	550,892
453,764	Keighley area	380	18,532	471,916
13,192	Housing charities	1,849	53	11,396
309,952	Charities for the Blind	0	13,786	323,738
1,927,004		**11,927**	**64,363**	**1,979,440**

For those Trust Funds where the Council acts as sole trustee and which at 31 March 2018 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 Number	Purpose	Net increase/ - decrease in funds in 2017-18	Balance at 31 March 2018
		£	£
The Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	14,413	621,497
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	17,560	462,761
Royd House Trust Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	1,193	140,431
The Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	2,719	224,023
Little Moor Park (otherwise Foster Park) Queensbury (519426)	Maintenance of Public Park & Recreation Ground for the benefit and use of Queensbury and the general public	1,490	63,030

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.

2016-17 £000 Council Tax	2016-17 £000 Business Rates	2016-17 £000 Total	Collection Fund Statement	2017-18 £000 Council Tax	2017-18 £000 Business Rates	2017-18 £000 Total	
			Income				
-191,914	0	-191,914	Due from Council Tax payers (excluding benefits)	-203,194	0	-203,194	*Note 1*
74	0	74	Due in respect of Council Tax benefits	24	0	24	
0	-148,579	-148,579	Due from Business Rate payers	0	-145,181	-145,181	*Note 2*
-191,840	**-148,579**	**-340,419**	**Total Income**	**-203,170**	**-145,181**	**-348,351**	
			Expenditure				
			Precepts:				
159,950	0	159,950	Bradford Council	171,385	0	171,385	
7,971	0	7,971	West Yorkshire Fire and Rescue Authority	8,297	0	8,297	
19,485	0	19,485	Police & Crime Commissioner for West Yorkshire	20,567	0	20,567	
			Business Rates:				
0	74,822	74,822	Payment to Central Government	0	64,773	64,773	
0	1,496	1,496	Payment to West Yorkshire Fire and Rescue Authority	0	1,295	1,295	
0	73,325	73,325	Payment to Bradford Council	0	63,477	63,477	
0	741	741	Costs of Collection	0	737	737	
0	347	347	Transitional Protection Payments	0	3,861	3,861	
2,959	3,977	6,936	Write-offs of Uncollectable Amounts	5,346	2,827	8,173	
0	4,730	4,730	Settlement of Appeals	0	4,775	4,775	
144	-1,178	-1,034	Contribution to / from (-) Provision for Losses on Bad & Doubtful Debts	-1,541	-1,037	-2,578	*Note 3*
0	-439	-439	Contribution to / from (-) Provision for Losses on Appeals	0	8,240	8,240	*Note 4*
			Distribution of Collection Fund Surplus/Repayment of Deficit:				
2,000	-10,384	-8,384	Bradford Council	2,000	-5,862	-3,862	
102	-212	-110	West Yorkshire Fire and Rescue Authority	100	-120	-20	
245	0	245	Police & Crime Commissioner for West Yorkshire	243	0	243	
0	-10,596	-10,596	Central Government	0	-5,981	-5,981	
192,856	**136,629**	**329,485**	**Total Expenditure**	**206,397**	**136,985**	**343,382**	
1,016	**-11,950**	**-10,934**	**Net movement (surplus (-)/deficit) in the fund balance**	**3,227**	**-8,196**	**-4,969**	*Note 5*
			Movements on the Collection Fund Balance				
-3,103	**23,881**	**20,778**	**Balance at beginning of year**	**-2,087**	**11,931**	**9,844**	
870	-5,855	-4,985	Bradford's share of surplus (-) /deficit for the year	2,762	-4,016	-1,254	*Note 5*
146	-120	26	Preceptors' share of surplus (-) /deficit for the year	134	-82	52	*Note 5*
0	-5,975	-5,975	Central Government's share of surplus (-) /deficit for the year	331	-4,098	-3,767	*Note 5*
-2,087	**11,931**	**9,844**	**Balance at end of year**	**1,140**	**3,735**	**4,875**	
			Allocated to:				
-1,773	5,846	4,073	Bradford Council	976	1,830	2,806	
-93	119	26	West Yorkshire Fire and Rescue Authority	117	37	154	
-221	0	-221	Police & Crime Commissioner for West Yorkshire	47	0	47	
0	5,966	5,966	Central Government	0	1,868	1,868	
-2,087	**11,931**	**9,844**		**1,140**	**3,735**	**4,875**	

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 £1,469.71 in 2017-18 (£1,403.74 in 2016-17) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

The Council Tax base for 2017-18 was 136,252 (133,505 in 2016-17). The tax base for 2017-18 was approved at the Executive meeting on 10 January 2017 and was calculated as follows:

2016-17 Band D Equivalent		Band	2017-18 Number of chargeable dwellings	Multiplier	2017-18 Band D Equivalent
49		A*	93	5/9	52
37,866		A	58,501	6/9	39,001
27,199		B	35,683	7/9	27,754
28,817		C	33,035	8/9	29,365
15,385		D	15,583	9/9	15,583
13,567		E	11,247	11/9	13,746
7,683		F	5,398	13/9	7,797
5,639		G	3,406	15/9	5,677
475		H	243	18/9	486
136,680	Total Band D equivalent				139,461
-3,175	Adjustment for estimated losses on collection				-3,209
133,505	**Council Tax Base**				**136,252**

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 46.6p (48.4p in 2016-17) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 47.9p (49.7p in 2016-17) 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 2017-18 were estimated before the start of the financial year as £58.791m to Central Government, £1.176m to WYFRA and £58.352m to Bradford Council. These sums have been paid in 2017-18 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2017-18 was £145.181m (£148.579m in 2016-17). This sum includes £3.861m 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 £391,126,870 for 2017-18 (£386,685,649 for 2016-17).

Note 3. Provision for Council Tax and Business Bad Debts

In 2017-18, the total provision for Council Tax bad debts was decreased by £1.541m, from £14.049.m to £12.507m. 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 2017-18, the total provision for Business Rates bad debts was decreased by £1.037m, from £4.949m to £3.192m. 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 2017-18, the provision for losses on outstanding appeals was increased by £3.465m, from £11.800m at 31 March 2017 to £15.265m at 31 March 2018. The Council's 49% share of the £15.265m provision was £7.480m.

Note 5. Collection Fund Balance

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

An overall surplus of £4.969m arose in 2017-18 (£10.934m surplus in 2016-17), of which the Council's share was a surplus of £1.254m (£4.986m surplus in 2016-17); Central Government's share was a surplus of £3.767m (£5.975m surplus in 2016-17); and the preceptors share a deficit of £0.052m (£0.026m deficit in 2016-17).

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

2016-17 £000	Fund account	2017-18 £000	Note
	Dealings with members, employers and others directly involved in the Fund		
382,610	Contributions receivable	407,345	*6*
22,632	Transfers in	41,770	*7*
22,667	Non-statutory pensions and pensions increases recharged	22,129	*8*
427,909		**471,244**	
-472,524	Benefits payable	-485,808	*9*
-22,667	Non-statutory pensions and pensions increases	-22,129	*8*
-20,129	Payments to and on account of leavers	-480,737	*10*
-515,320		**-988,674**	
-87,411	**Net additions/(withdrawals) from dealing with members**	**-517,430**	
-10,278	**Management expenses**	**-10,359**	*13*
-97,689	**Net additions/(withdrawals) including management expenses**	**-527,789**	
	Returns on investments		
341,464	Investment income	392,115	*15*
-6,399	Taxes on income	-8,072	
2,180,570	Profit and losses (-)on disposal of and changes in value of investments	74,507	*17*
3,404	Stock lending	3,503	*17b*
0	Underwriting commission	39	
2,519,039	**Net return on investments**	**462,092**	
2,421,350	**Net Increase (decrease) in the net assets available for benefits during the year**	**-65,697**	
11,210,980	**Opening net assets of the scheme**	**13,632,330**	
13,632,330	**Closing net assets of the scheme**	**13,566,633**	

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.

2016-17 £000	Net assets statement	2017-18 £000	*Note*
	Investment assets		
1,212,644	Bonds	1,374,768	*17*
9,926,738	Equities (including convertible shares)	9,999,549	*17*
656,523	Index-linked securities	659,866	*17*
1,600,718	Pooled investment vehicles	1,466,773	*17*
7,000	Direct Property	7,250	*17*
136,580	Cash deposits	263,630	*17*
37,934	Other investment balances	42,528	*17*
	Investments liabilities		
-5,873	Other investment balances	-11,182	*17*
13,572,264	**Investments at 31st March**	**13,803,182**	
	Current assets		
47,605	Debtors	50,417	*20*
32,549	Cash balances (not forming part of the investment assets)	33,482	
	Current liabilities		
-20,088	Creditors	-320,448	*21*
60,066	**Net current assets and liabilities**	**-236,549**	
13,632,330	**Net assets of the scheme at 31st March**	**13,566,633**	

The financial statements for West Yorkshire Pension Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2018. 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 note12.

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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 443 participating employers at 31st March 2018 (422 employers as at 31st March 2017) whose employees were entitled to be contributors to the Fund.

Membership – Total membership as at 31st March 2018 is 286,471 (31st March 2017 is 284,820).

2016-17	Profile of membership	2017-18
101,881	Active members	102,017
86,334	Pensioner members	86,867
96,605	Members with preserved pensions	97,587
284,820	**Total members**	**286,471**

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

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

Note 2. Actuary's Report

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the West Yorkshire Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013. The next valuation will be undertaken as at 31 March 2019.

Actuarial Position

1. **The valuation as at 31 March 2016 showed that the funding ratio of the Fund had fallen slightly since the previous valuation with the market value of the Fund's assets as at 31 March 2016 (of £11,211.5M) covering 94% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.**

2. **The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2017 is:**

- **16.2% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date, (the primary rate)**

Plus

- **Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 22 years from 1 April 2017 (the secondary rate), equivalent to 2.4% of pensionable pay (or £42.5M in 2017/18, and increasing by 3.25% p.a. thereafter).**

3. **In practice, each individual employer's position is assessed separately and contributions are set out in Aon's report dated 31 March 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	22.0	25.1
Future pensioners aged 45 at the valuation date	22.9	26.9

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.

8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

9. Since the date the valuation report was signed, HM Treasury, in its response to the consultation on indexation and equalisation of GMPs in public sector schemes, has made an announcement to extend the indexation of GMPs to those reaching State Pension Age on or before 5 April 2021 (previously 5 December 2018). This extension period was not allowed for in the valuation results as the actuarial valuation report was signed off before the announcement, but the increase in liability is not expected to be material. In addition, amendment Regulations have been laid which provide for exit credits to be repaid to employers on exit, effective from 14 May 2018. It is anticipated that the Administering Authority will consider whether its Funding Strategy Statement should be revised on account of these changes.

10. This Statement has been prepared by the current Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

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

Aon does not accept any responsibility or liability to any party other than our client, City of Bradford Metropolitan District Council, the Administering Authority of the Fund, in respect of this Statement.

11. The report on the actuarial valuation as at 31 March 2016 is available on the Fund's website at the following address:

http://www.wypf.org.uk/Member/Publications/Valuation/WYPF/Valuation_WYPF_Index.aspx

Aon Hewitt Limited

April 2018

Note 3. Accounting policies

Basis of preparation
The statement of accounts summarises the Fund's transactions for the 2017/18 financial year and its financial position at year-end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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. Bulk (group) transfers are accounted for on an accruals basis, these are calculated in accordance with the Local Government Pension Scheme Regulations 2013.

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

Management expenses
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 the actual sale rate is used 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 2018 but not settled until later are accrued in the accounts.

Note 4. Critical accounting estimates, judgements and assumptions made about the future and other major sources of estimation uncertainty
The preparation of the Fund's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

c) Bulk Transfer
The final actual certificate for First West Yorkshire bulk transfer is not due until 31 March 2019. In the absence of the final actuarial certificate for the value of assets transferred for First West Yorkshire Group bulk transfer was estimated based on the value of assets allocated to First West Yorkshire Group in the updated 31 March 2016 actuarial valuation report dated October 2017 of £366.177m. Then £366.177m uprated by asset performance of 22.9% = £450m estimate of assets value for First West Yorkshire Group 31 March 2018.

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 2018, and up to the date when these accounts were authorised that require any adjustments to these accounts.

Note 6. Contributions receivable by category:

Contributions from employers and employees:

2016-17 £000	Analysis of contributions receivable	2017-18 £000
271,661	Employers	296,198
110,949	Members	111,147
382,610	**Total contributions received**	**407,345**

Contributions received by type of employer:

2016-17 £000	Analysis by type of employer	2017-18 £000
46,699	**Administering Authority**	51,165
291,872	**Scheduled bodies**	315,020
44,039	**Admitted bodies**	41,160
382,610	**Total contributions received**	**407,345**

Contributions are further analysed by type of contribution:

2016-17 £000	Contributions received by type	2017-18 £000
247,600	Employers normal contributions	281,126
106,470	Employees normal contributions	106,901
4,479	Employees additional contributions	4,246
24,061	Employers deficit contributions	15,072
382,610	**Total contributions received**	**407,345**

Employers' contribution rates and deficit contributions

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

Employees' contribution rates

Employees' contributions are as set out in the LGPS regulations from 1st April 2014, and there are several tiered employee contribution rates. For 2017/18 the rates start at 5.5% payable by employees with salaries up to £13,700 a year, and the highest rate is 12.5% to be paid on salaries over £153,300 a year. (For 2016/17 the rates started at 5.5% payable by employees with salaries up to £13,600, and the highest rate was 12.5% paid on salaries exceeding £151,800).

Note 7. Transfers in

2016-17 £000	Transfers in from other pension funds	2017-18 £000
22,632	Individual transfers in from other schemes	38,267
0	Bulk transfer in from other schemes	3,503
22,632	**Total transfers in**	**41,770**

Note 8. Non-statutory pensions and pensions increase recharged

2016-17 £000	Non-statutory pensions and pensions increase recharged	2017-18 £000
22,667	**Pensions**	**22,129**

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

2016-17 £000	Analysis of benefits payable	2017-18 £000
	Funded pensions	
-341,575	Retired employees	-351,375
-28,573	Dependants	-29,487
	Funded lump sums	
-90,006	On retirement	-90,418
-12,371	On death	-14,528
-472,524	**Total Benefits Payable**	**-485,808**

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

2016-17 £000	Analysis of benefits payable by member body	2017-18 £000
-71,405	Administering Authority	-72,823
-337,029	Scheduled bodies	-356,168
-58,630	Admitted bodies	-54,530
-5,460	Other interested bodies with no pensionable employees	-2,287
-472,524	**Total benefits payable**	**-485,808**

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

2016-17 £000	Payments to and on account of leavers	2017-18 £000
-1,469	Refund of contributions	-1,852
-17,990	Individual transfers out to other schemes	-28,116
-670	Bulk transfers out to other schemes	-450,769
20,129	**Total transfers out**	**-480,737**

In 2017/18 a partial bulk transfer of £150m was made in respect of First Group West Yorkshire (Firstbus) assets transfer to Greater Manchester Pension Fund; a provision of £300m for the remaining value of assets which are due to be transferred has been accrued for and these will be transferred during 2018/19 financial reporting year.

Note 11. AVC scheme with Equitable Life, Scottish Widows and Prudential

The Fund provides an AVC Scheme for its contributors, the assets of which are invested separately from the main Fund. The scheme providers are Equitable Life Assurance, Scottish Widows and Prudential, whereby additional benefits are secured on a money purchase basis for those contributors electing to pay additional voluntary contributions.
As advised by the three companies the amounts administered under AVC arrangements are as follows:

2016-17 £000	Additional voluntary contributions	2017-18 £000
24,213	Value of funds at 1st April	28,291
5,544	Contributions received	5,862
245	Transfers and withdrawals	0
67	Internal transfers	218
3,223	Interest and bonuses / change in market value of assets	2,212
-5,001	Sale of investments to settle benefits due to members	-4,657
28,291	**Value of fund at 31st March**	**31,926**

The aggregate amounts of AVC investments are:-

2016-17 £000	AVC investments	2017-18 £000
2,547	Equitable Life	2,324
13,279	Prudential	16,177
12,465	Scottish Widows	13,425
28,291	**Total**	**31,926**

Note 12. Actuarial present value of promised retirement benefits

Introduction

The Fund is part of the Local Government Pension Scheme and under IAS 26 it is required to disclose the actuarial present value of promised retirement benefits across the Fund as a whole.

The Fund provides defined benefits, which for membership to 31st March 2014, are based on members' Final Pensionable Pay. The required valuation is carried out by the Fund Actuary, Aon Hewitt using assumptions derived in the same way as those recommended for individual participating employers reporting pension liabilities under IAS 19. This approach results in a different valuation of liabilities than at triennial funding valuation. The information set out below relates to actuarial present value of the promised retirement benefits in the Fund.

Actuarial present value of promised retirement benefits

Paragraph 6.5.2.7 of CIPFA's Code of Practice on local authority accounting for 2017/18 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

Due to a significant bulk transfer to Greater Manchester Pension Fund (GMPF) for First Group West Yorkshire we have updated Actuarial present value of promised retirement benefits as at 31 March 2018 together with the results as at 31 March 2013 and 31 March 2016 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

	Value as at 31 March 2018 £M	Value as at 31st March 2016 £M	Value as at 31st March 2013 £M
Fair value of net assets	**13,511.9**	**11,211.0**	**9,940.3**
Actuarial present value of the promised retirement benefits	**18,077.5**	**14,085.4**	**12,259.3**
Surplus / (deficit) in the Fund as measured for IAS26 purposes	**-4,565.6**	**-2,874.4**	**-2,319.0)**

Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31st March 2016. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

	31st March 2018 (%pa)	31st March 2016 (% p.a.)	31st March 2013 (% p.a.)
Discount rate	2.60	3.40	4.50
RPI Inflation	3.20	2.90	3.40
CPI Inflation *	2.10	1.80	2.40
Rate of general increase in salaries **	3.35	3.05	3.90

* *In excess of Guaranteed Minimum Pension increases in payment where appropriate*

** *In addition, we have allowed for the same age-related promotional salary scales as used at the actuarial valuation of the Fund as at the appropriate date*

The assumptions to which the actuarial present value of promised retirement benefits are most sensitive are the discount rate, net of pay and pension increases, and the longevity improvement assumption.

Principal demographic assumptions

Post retirement mortality	31 March 2016 & 31 March 2018	31 March 2013
Males		
Base table	Standard SAPS S2 All Pensioners (S2PMA)	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table *	0	0
Scaling to above base table rates **	105% for current male pensioners 115% for future male pensioners	105%
Allowance for future improvements	Proposed CMI Mortality Projections Model released with Working Paper 91 with Core assumptions ("CMI_2016_Proposed2015") together with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long-term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (currently aged 65)	22.0 at 31 March 2016 22.1 at 31 March 2018	22.5
Future lifetime from age 65 (currently aged 45)	22.9 at 31 March 2016 23.1 at 31 March 2018	24.7
Females		
Base table	Standard SAPS S2 All Pensioners (S2PFA)	Standard SAPS Normal Health All Amounts tables (S1NFA)
Rating to above base table *	0	0
Scaling to above base table rates **	90% for current female pensioners 90% for future female pensioners	100%
Allowance for future improvements	Proposed CMI Mortality Projections Model released with Working Paper 91 with Core assumptions ("CMI_2016_Proposed2015") together with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long-term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (currently aged 65)	25.1 at 31 March 2016 25.3 at 31 March 2018	25.4
Future lifetime from age 65 (currently aged 45)	26.9 at 31 March 2016 27.1 at 31 March 2018	27.7

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

** The scaling factors shown apply to normal health retirements.

	31st March 2016	31st 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

2016-17	Management expenses	2017-18
£000		**£000**
-3,879	Administration costs	-3,992
-5,562	Investment Management expenses	-5,820
-837	Oversight and Governance	-547
-10,278	**Total administrative expenses**	**-10,359**

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 £65k in respect of performance-related fees paid (2016/17 £19k) and also a statutory audit fee of £48k (2016-17 £48k). No other fees have been paid to the external auditor. Transaction costs are included to comply with CIPFA guidance.

Note 14. Investment expenses

2016-17 £000	Investment expenses	2017-18 £000
-2,582	Internal management costs	-2,702
-2,503	Transaction costs	-2,558
-477	Custody fees	-560
-5,562	**Total**	**-5,820**

Transaction costs are included to comply with CIPFA guidance.

Note 15. Investment income

2016-17 £000	Investment income	2017-18 £000
42,986	Income from bonds	43,895
269,986	Dividends from equities	317,757
3,653	Income from index-linked securities	3,323
23,492	Income from pooled funds	25,673
416	Income from Direct Property	456
932	Interest on cash deposits	1,011
341,464	**Total investment income**	**392,115**

Analysis of investment income accrued

	2018 UK £000	**2017 UK £000**	2018 NON UK £000	2017 NON UK £000	**2018 GLOBAL £000**	**2017 GLOBAL £000**	**2018 TOTAL £000**	**2017 TOTAL £000**
Bonds	9,476	9,047	1,592	1,953	0	0	11,068	11,000
Equities	22,901	16,784	2,151	239	0	0	25,052	17,023
Index Linked Securities	751	756	71	77	0	0	822	833
Pooled Investment Vehicles	0	0	0	0	0	0	0	0
Direct Property Holdings	0	220	0	0	0	0	0	220
Cash & Cash equivalents	267	247	0	0	0	0	267	247
Total	**33,395**	**27,054**	**3,814**	**2,269**	**0**	**0**	**37,209**	**29,323**

Note 16. Direct Property Holdings

2016-17 £000	Investment expenses	2017-18 £000
6,500	**Opening balance**	7,000
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
500	Net Increase/ decrease in market value	250
0	Other changes in fair value	0
7,000	**Closing value**	**7,250**

Note 17. Investments

Movement in the value of investments in 2017-18

	Opening Value at 01st April 2017 £000	Purchases Cost £000	Sales Proceeds £000	*Change in Market Value* £000	Closing Value at 31 March 2018 £000
Bonds	1,212,644	272,245	-163,716	53,595	1,374,768
Equities	9,926,738	608,677	-560,809	24,943	9,999,549
Index-linked Securities	656,523	143,817	-61,912	-78,562	659,866
Pooled Funds	1,600,718	72,893	-281,119	74,281	1,466,773
Direct Property	7,000	0	0	250	7,250
Cash Deposits	136,580	127,050	0	0	263,630
Other Investment Debtors	37,934	4,594	0	0	42,528
Other investment Creditors	-5,873	0	-5,309	0	-11,182
	13,572,264	1,229,276	-1,072,865	74,507	13,803,182

Comparative movements in the value of investments for 2016-17

	Opening value at 1st April 2016 £000	Purchases costs £000	Sales proceeds £000	*Change in Market value* £000	Closing value at 31st 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 Debtors	40,689	0	-2,755	0	37,934
Other investment Creditors	-5,950	77	0	0	-5,873
Total investments	**11,163,297**	**1,039,856**	**-811,459**	**2,180,570**	**13,572,264**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

a. Analysis of Investments by security type

2016-17 £000	Analysis of investments closing market values	2017-18 £000
	Bonds:	
706,031	Public sector quoted	872,138
498,420	Other quoted	500,339
8,193	Unquoted	2,291
1,212,644		**1,374,768**
	Equities:	
8,908,077	Quoted	8,857,603
1,018,661	Unquoted	1,141,946
9,926,738		**9,999,549**
	Index linked securities:	
643,661	Public sector quoted	641,777
12,862	Other quoted	18,089
656,523		**659,866**
	Pooled investment vehicles:	
254,255	**Hedge funds**	127,562
582,292	**Property**	606,445
764,171	**Other**	732,766
1,600,718		**1,466,773**
7,000	**Direct Property**	**7,250**
136,580	**Cash Deposits :Sterling**	**263,630**
37,934	**Other Investment assets**	**42,528**
-5,873	**Other Investment liabilities**	**-11,182**
13,572,264	**Total**	**13,803,182**

b. Stock Lending

2016-17 £000	Analysis of stock lending		2017-18 £000
91	Income	- Bonds	121
950		- UK equities	1,136
2,451		- International equities	2,352
-88	Expenditure		-106
3,404	**Total**		**3,503**

As at 31 March 2018, £1,6bn of stock was on loan to market makers (31 March 2017, £1.2bn) and this was covered by collateral totalling £1.7bn (31 March 2017, £1.3bn) which includes an appropriate margin. The collateral was comprised of UK & International Government Bonds £994.3m, (31 March 2017 £668.3m). International Equities, £530.7m, (31 March 2017, £344.1m) and UK Equities, £233.1m, (31 March 2017, £257.6m). All our securities out on loan are fully indemnified by HSBC our custodian.

Note 18 .Fair Value – Basis of valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
Market quoted equities	Level 1	Listed investments are shown at bid prices. The bid value of the investments is based on the bid market quotation of the relevant stock exchange.	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investment-overseas unit trusts and 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 – Global Standards 2017 which incorporate the International Standards and the RICS Valuation – Professional Standards UK January 2014 (revised July 2017) ("The Red Book").*	Existing lease terms - Independent market research - Nature of tenancies - Estimated growth - assumed vacancy levels - discount rate	Changes in rental growth, vacancy levels or discount rates could affect valuations as could changes to market prices
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and	These are based on valuations provided by the general partners to the private equity funds in which	Valuations could be affected by material events occurring between the date of the

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable	Key sensitivities affecting the valuations provided
		Venture Capital Valuation Guidelines (2012)	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	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 2018.

	Assessed valuation range (+/-)	Value at 31 March 2018	Value on increase	Value on decrease
		£m	£m	£m
Pooled investments - hedge funds	10%	127.6	140.3	114.8
Freehold and leasehold properties	10%	7.3	8.0	6.5
Private equity	15%	1,141.9	1,313.2	970.7

	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

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.

	31st March 2018			
	Level 1	Level 2	Level 3	Total
Financial assets	**£m**	**£m**	**£m**	**£m**
Financial assets at fair value through profit & loss	11,623	609	1,270	13,502
Loans and receivables	390	0	0	390
Total financial assets	**12,013**	**609**	**1,270**	**13,892**
Financial liabilities				
Financial liabilities at amortised cost	-332	0	0	-332
Total financial liabilities	**-332**	**0**	**0**	**-332**

Valuation hierarchy as at 31st March 2017

	31st March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets	**£m**	**£m**	**£m**	**£m**
Financial assets at fair value through profit & loss	11,533	590	1,273	13,396
Loans and receivables	255	0	0	255
Total financial assets	**11,788**	**590**	**1,273**	**13,651**
Financial liabilities				
Financial liabilities at amortised cost	-26	0	0	-26
Total financial liabilities	**-26**	**0**	**0**	**-26**

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 2018.

	Fair value through profit & loss	Loans and receivables	Financial liabilities at amortised cost	Total financial instruments
Financial Assets	**£000**	**£000**	**£000**	**£000**
Bonds	1,374,768	0	0	1,374,768
Equities	9,999,549	0	0	9,999,549
Index-linked securities	659,866	0	0	659,866
Pooled investment vehicles	1,466,773	0	0	1,466,773
Cash deposits (Investments)	0	263,630	0	263,630
Cash balances (not forming part of the investment assets)	0	33,482	0	33,482
Other investment balances	0	42,528	0	42,528
Debtors	0	50,417	0	50,417
Total financial assets	**13,500,957**	**390,056**	**0**	**13,891,013**
Financial Liabilities				
Other investment balances	0	0	-11,182	-11,182
Creditors	0	0	-320,448	-320,448
Total financial liabilities	**0**	**0**	**-331,630**	**-331,630**

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 2017

Financial Assets	Fair value through profit & loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Total financial instruments £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	0	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 instruments classified as financial assets at fair value through profit or loss.

Note 20. Current assets

2016-17 £000	Current assets (Debtors)	2017-18 £000
	Debtors	
26,158	Contributions due from employees and employers	28,336
21,447	Other debtors	22,081
47,605	**Total current assets**	**50,417**

Further analysis by type of body:

2016-17 £000	Current assets by type of body	2017-18 £000
34	Central government bodies	44
40,080	Other local authorities	42,704
53	NHS bodies	37
1,177	Public corporations and trading funds	1,306
6,261	Bodies external to general government	6,326
47,605	**Total current assets**	**50,417**

Note 21. Current liabilities

2016-17 £000	Current liabilities	2017-18 £000
	Creditors	
-7,098	Unpaid benefits	-9,778
-12,990	Other current liabilities	-310,670
-20,088	**Total current liabilities**	**-320,448**

Further analysis by type of body:

2016-17 £000	Current liabilities by type of body	2017-18 £000
-4,622	Central government bodies	-4,553
-8,000	Other local authorities	-305,334
0	NHS bodies	0
0	Public corporations and trading funds	0
-7,466	Bodies external to general government	-10,561

-20,088	**Total current liabilities**	**-320,448**

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 2017/18, City of Bradford Metropolitan District Council charged West Yorkshire Pension Fund £421,866 in respect of support services provided (£347,130 in 2016/17). The support costs for 2017/18 included a full year support for financial, legal and information technology services.

Employers
Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. A list of employers who have contributed to the fund during the reporting period can be found in note 27 of the Annual report. Contributions in respect of March 2018 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. Eight of these members are in receipt of pension benefits from the Fund.

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. Eight 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 £123,420 (2016/17 £119,064). 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 2018 was valued at £13.14m (£24.67m 31st March 2017), and has an original cost of £4.9m. Investment activity during the reporting period 2017/18 resulted in a sale of stock to the value of £13.55m. 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.wypf.org.uk

The Investment Principles are managed by the Investment Advisory Panel, whose responsibility it is to ensure that the Fund's investment portfolio, which is managed in-house, agrees with policy and strategy with regard to asset allocation.

The Fund routinely monitors all risks in accordance with the Fund's risk management strategy.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund's equity holdings are spread across more than 900 UK companies, and almost 800 overseas companies, and a range of unit trusts and managed Funds.
Risk is controlled by reviewing on a continuous basis the risk attached to the Fund's asset allocation relative to the fund-specific benchmark, to ensure that any major divergence from the benchmark is acceptable. 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 2017/18 reporting period.

Asset type	2017-18 Potential market movement +/- (%pa)	2016-17 Potential market movement +/- (%pa)
UK equities	8.0	9.2
Overseas equities	7.0	8.3
UK gilts	6.4	6.3
UK corporate bonds	4.6	4.7
UK index-linked	7.8	7.5
Overseas bonds	8.9	9.0
Alternatives (universe)	1.9	3.1
Property	0.4	0.7
Cash	0.3	0.3

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years.

This can then be applied to the period end asset mix as follows:

Asset type	Value as at 31st March 2018 £000	Percentage change %	Value on increase £000	Value on decrease £000
UK Equities	4,781,727	8.0	5,164,265	4,399,188
Overseas Equities	5,217,823	7.0	5,583,070	4,852,575
UK Gilts	682,383	6.4	726,056	638,711
UK Corporate bonds	451,327	4.6	472,088	430,566
UK Index-Linked	592,061	7.8	638,242	545,881
Overseas bonds	308,862	8.9	336,351	281,374
Alternatives (universe)	860,329	1.9	876,675	843,982
Direct Property	7,250	0.4	7,279	7,221
UK Properties	520,654	0.4	522,737	518,570
Overseas Properties	85,790	0.4	86,134	85,447
Cash	263,630	0.3	264,421	262,839
Other investment assets	42,528	0.0	42,528	42,528
Other investment liabilities	(11,182)	0.0	(11,182)	(11,182)
Total Investment Assets	13,803,182		14,708,664	12,897,700

Asset type	Value as at 31st March 2017 £000	Percentage change %	Value on increase £000	Value on decrease £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**

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 2018 and 31 March 2017 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

31st March 2017 £000	Asset type	31st March 2018 £000
1,212,644	Bonds	1,374,768
136,580	Cash deposits	263,630
32,549	Cash balances	33,482
1,381,773	**Total**	**1,671,880**

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. The assumed interest rate volatility is 100 basis point (BPS) per annum.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset type	Value as at 31 March 2018	Value on Increase	Value on decrease
		+100BPS	-100BPS
	£000	£000	£000
Bonds	1,374,768	13,748	-13,748
Cash deposits	263,630	2,636	-2,636
Cash balances	33,482	335	-335
Total change in assets available	**1,671,880**	**16,719**	**-16,719**

Asset type	Value as at 31 March 2017	Change in year in the net assets available to pay benefits	
		+100BPS	-100BPS
	£000	£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**

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 2018 and 31 March 2017:

Currency exposure - asset type	Value as at 31st March 2018 £000	Value as at 31st March 2017 £000
Overseas quoted bonds	241,058	265,141
Overseas unquoted bonds	0	0
Overseas quoted equities	4,571,785	4,531,286
Overseas unquoted equities	6,681	655,001
Overseas quoted index linked securities	67,805	64,389
Overseas unit trusts	554,943	596,484
Overseas Property funds	85,790	78,592
Total overseas assets	**5,528,062**	**6,190,893**

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%, (2016/17 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 31st March 2018 £000	Value on increase £000	Value on decrease £000
Overseas quoted bonds	241,058	255,521	226,594
Overseas unquoted bonds	0	0	0
Overseas quoted equities	4,571,785	4,846,092	4,297,477
Overseas unquoted equities	6,681	7,082	6,280
Overseas quoted index linked securities	67,805	71,873	63,736
Overseas unit trusts	554,943	588,239	521,646
Overseas Property funds	85,790	90,938	80,643
Total overseas assets	**5,528,062**	**5,859,745**	**5,196,376**

Asset type	Value as at 31st March 2017 £000	Value on increase £000	Value on decrease £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**

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.
In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The credit risk connected with stock lending is managed by holding collateral with a greater value than the amount of stock lent out at any one time. In addition the Fund is fully indemnified by HSBC Securities on stock lending activities. Stock lending and the associated collateral at the year-end are detailed in note 17.

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 2018 the West Yorkshire Pension Fund had the following un-drawn commitments

	Investment value at 31st March 2018 £m	Un-drawn commitments £m
Private equity	1,119.1	778.7
Property funds	606.5	53.4
Total	**1,725.6**	**832.1**

At 31st March 2017 the West Yorkshire Pension Fund had the following un-drawn commitments:

	Investment value at 31st March 2017 £m	Un-drawn commitments £m
Private equity	993.8	756.5
Property funds	582.3	100.3
Total	**1576.1**	**856.8**

Note 25. Accounting Developments

The following accounting standards have been issued but are not applicable for the year ending 31 March 2018.

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. Investment Strategy Statement

The West Yorkshire Pension Fund has prepared an Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013. Full details of the ISS and the FSS are included in the West Yorkshire Pension Fund Annual Report and Accounts. A copy is also available on the Fund's website www.wypf.org.uk.

Note 27. List of Participating Employers Contributing to the Fund

In 2017/18 477 employers paid contributions into the Fund, at the end of the year there were 443 employers with active members.

BRADFORD MDC
LEEDS COUNCIL
CALDERDALE MBC
KIRKLEES COUNCIL
WAKEFIELD MDC
ABBEY GRANGE CE ACADEMY
ABBEY M A T (BISHOP YOUNG C OF E ACADEMY)
ABBEY M A T (MANSTON ST JAMES ACADEMY)
ABSOLUTELY CATERING LTD (BGS)
ACCORD MULTI ACADEMY TRUST (HORBURY)
ACKWORTH PARISH COUNCIL
ACTION FOR CHILDREN (BRADFORD COUNCIL)
ACTIVE CLEANING LTD (CROFTON ACADEMY)
ADDINGHAM PARISH COUNCIL
ADEL ST JOHN THE BAPTIST C E (V A) PRIMARY SCHOOL
AFFINITY TRUST
AIREBOROUGH LEARNING PARTNERSHIP TRUST
AIREDALE ACADEMY
ALL SAINTS CE JNR SCHOOL
ALL SAINTS RICHMOND HILL CHURCH OF ENGLAND PRIMARY SCHOOL
ALWOODLEY PARISH COUNCIL
AMEY COMMUNITY LTD (BFD BSF PHASE 1 FM SERVICES)
AMEY COMMUNITY LTD BRADFORD BSF PASE 2 FM SERVICES
AMEY INFRASTRUCTURE SERVICES LTD (WAKEFIELD)
AMEY LG LTD (CALDERDALE)
APPLETON ACADEMY
ARAMARK LTD
ARCADIS (UK) LTD
ARTS COUNCIL ENGLAND
ASPENS SERVICES LTD
ASPENS SERVICES LTD (APPLETON ACADEMY)
ASPENS SERVICES LTD (LEEDS EAST ACADEMY)
ASPENS SERVICES LTD (LEEDS WEST ACADEMY)
ASPENS SERVICES LTD (OASIS ACADEMY)
ASPIRE COMMUNITY BENEFIT SOCIETY LTD
ASPIRE-I
B B G ACADEMY
BAILDON TOWN COUNCIL
BARDSEY PRIMARY FOUNDATION SCHOOL
BARKEREND ACADEMY
BARNARDOS (ASKHAM GRANGE PRISON)
BARNARDOS (BRADFORD CHILDRENS CENTRE BD5)
BARNARDO'S (LEEDS PORTAGE)
BATLEY GIRLS ACADEMY
BATLEY GRAMMAR SCHOOL
BATLEY MULTI ACADEMY TRUST (HEALEY J AND I SCHOOL)
BEECH HILL SCHOOL
BEESTON HILL ST LUKES C E PRIMARY SCHOOL
BEESTON PRIMARY TRUST
BELLE ISLE TENNANT MANAGEMENT
BID SERVICES
BINGLEY GRAMMAR SCHOOL
BIRSTALL PRIMARY ACADEMY
BISHOP WHEELER CATHOLIC ACADEMY TRUST
BLESSED CHRISTOPHER WHARTON ACADEMY TRUST
BLESSED PETER SNOW CA TRUST (KIRKLEES)
BLESSED PETER SNOW CATHOLIC ACADEMY TRUST (CALDERDALE)
BOLTON BROW PRIMARY ACADEMY
BOOTHROYD PRIMARY ACADEMY
BOSTON SPA SCHOOL
BRADFORD ACADEMY
BRADFORD BIRTH TO 19 TRUST
BRADFORD COLLEGE
BRADFORD COLLEGE EDUCATION TRUST
BRADFORD COUNCILLORS
BRADFORD DIOCESAN ACADEMIES TRUST
BRADFORD DISTRICT CREDIT UNION
BRADFORD UNIVERSITY
BRADSHAW PRIMARY SCHOOL
BRAMLEY ST PETER'S C OF E SCHOOL
BRIGHOUSE ACADEMY
BRIGHTER FUTURES ACADEMY TRUST
BRIGSHAW LEARNING PARTNERSHIP
BRITISH GAS SOCIAL HOUSING LTD
BRODETSKY JEWISH (V A) PRIMARY SCHOOL
BRONTE ACADEMY TRUST (HAWORTH PRIMARY SCHOOL)
BRONTE ACADEMY TRUST (LEES PRIMARY SCHOOL)
BRONTE ACADEMY TRUST (OAKWORTH PRIMARY SCHOOL)
BROOKSBANK SCHOOL SPORTS COLLEGE
BULLOUGH CONTRACT SERVICES (BINGLEY GRAMMAR SCHOOL)
BULLOUGHS CONTRACT SERVICES (LEEDS COLLEGE OF ART)
BULLOUGHS CONTRACT SERVICES LTD
BULLOUGHS CONTRACT SERVICES LTD (BRIGHOUSE ACADEMY)
BURLEY PARISH COUNCIL
BURNLEY ROAD ACADEMY
CAFCASS
CALDERDALE & KIRKLEES CAREERS
CALDERDALE COLLEGE
CALVERLEY C OF E PRIMARY SCHOOL
CARDINAL HEENAN CATHOLIC HIGH SCHOOL
CARE QUALITY COMMISSION
CARILLION
CAROLL CLEANING COMPANY LTD (WAKEFIELD)
CAROLL CLEANING COMPANY LTD (WHETLEY)
CARROLL CLEANING CO LTD (BIRKENSHAW PRIMARY SCHOOL)
CARROLL CLEANING CO LTD (BOLTON BROW ACADEMY)
CARROLL CLEANING CO LTD (HOLY TRINITY PRIMARY)

CARROLL CLEANING CO LTD (LAPAGE PRIMARY SCHOOL)
CARROLL CLEANING CO LTD (LEE MOUNT PRIMARY SCHOOL)
CARROLL CLEANING CO LTD (ST JOSEPH'S BRADFORD)
CARROLL CLEANING COMPANY LIMITED (FRIZINGHALL)
CARROLL CLEANING COMPANY LIMITED (MOORSIDE PRIMARY SCHOOL)
CARROLL CLEANING COMPANY LIMITED (THORNBURY)
CARROLL CLEANING COMPANY LTD (CALDERDALE)
CARROLL CLEANING COMPANY LTD (EAST GARFORTH PRIMARY ACADEMY)
CARROLL CLEANING COMPANY LTD (PEEL PARK PRIMARY SCHOOL)
CASTLE HALL ACADEMY
CASTLE HILL ACADEMY TRUST
CASTLEFORD ACADEMY
CATER LINK LTD (CRIGGLESTONE ST JAMES PRIMARY ACADEMY)
CATERLINK (GROVE LEA PRIMARY SCHOOL)
CATHOLIC CARE
CBRE MANAGED SERVICES LTD
CHIEF CONSTABLE FOR WEST YORKSHIRE
CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE SECURITY)
CHURCHILL CONTRACT SERVICES (BRADFORD COLLEGE)
CHURHCILL CONTRACT SERVICES (BBG ACADEMY)
CLAYTON PARISH COUNCIL
COALFIELDS REGENERATION
COCKBURN SCHOOL ACADEMY
COLLINGHAM LADY ELIZABETH HASTINGS
COMMUNITY ACCORD
COMPASS (RADILLION) LEEDS PFI SCHOOLS
COMPASS CONTRACT SERVICES (GREEN LANE)
COMPASS CONTRACT SERVICES (LAISTERDYKE)
COMPASS CONTRACT SERVICES (NORTHERN EDUCATION TRUST)
COMPASS CONTRACT SERVICES (SPTA)
COMPASS CONTRACT SERVICES (ST JOHN FISHERS)
COMPASS CONTRACT SERVICES (UK) (PONTEFRACT ACADEMIES TRUST)
COMPASS CONTRACT SERVICES (UK) LTD
COMPASS CONTRACT SERVICES (UK) LTD (CHARTWELLS)
COMPASS CONTRACT SERVICES (UK) LTD (SHARE MAT)
COMPASS CONTRACT SERVICES (WESTBOROUGH HIGH SCHOOL)
COMPASS CONTRACT SERVICES (WHETLEY ACADEMY)
COMPASS CONTRACT SERVICES LTD (MANOR CORFT)
CONSULTANT CLEANERS LIMITED (WESTBOROUGH HIGH SCHOOL)
CONSULTANT CLEANERS LTD (WY FIRE)
COOKRIDGE HOLY TRINITY C E PRIMARY SCHOOL
CO-OPERATIVE ACADEMY OF LEEDS
CORPUS CHRISTI CATHOLIC COLLEGE
CORPUS CHRISTI CATHOLIC PRIMARY SCHOOL
COTTINGLEY PRIMARY ACADEMY
CRAFT CENTRE & DESIGN GALLERY LTD
CRAWSHAW ACADEMY (RED KITE LEARNING TRUST)
CREATIVE SUPPORT LIMITED
CRESCENT FURTHER EDUCATION LIMITED
CRIGGLESTONE ST JAMES CE PRIMARY ACADEMY
CROFTON HIGH ACADEMY
CROW LANE PRIMARY AND FOUNDATION STAGE SCHOOL
DARRINGTON C OF E PRIMARY SCHOOL
DAVID YOUNG COMMUNITY ACADEMY
DEIGHTON GATES PRIMARY FOUNDATION SCHOOL
DENBY DALE PARISH COUNCIL
DEVELOPING INITIATIVES FOR SUPPORT IN THE COMMUNITY (LEEDS C C)
DIXONS ACADEMIES CHARITABLE TRUST
EAST NORTH EAST HOMES LEEDS
EBOR GARDENS PRIMARY ACADEMY
ELITE CLEANING & ENVIRONMENTAL SERVICES LTD
ENGIE SERVICES LTD
ENGLISH BASKETBALL
ENHANCE ACADEMY TRUST
ENVIROSERVE (CALDER HIGH SCHOOL)
ENVIROSERVE (EBOR GARDENS PRIMARY ACADEMY)
ENVIROSERVE (VICTORIA PRIMARY ACADEMY)
EXCEED ACADEMIES TRUST
EXCEED ACADEMIES TRUST (APPLETON ACADEMY)
FEATHERSTONE ACADEMY
FEVERSHAM COLLEGE ACADEMY
FEVERSHAM PRIMARYACADEMY
FIELDHEAD JUNIOR INFANT & NURSERY ACADEMY
FIRST WEST YORKSHIRE LTD
FLEET FACTORS (LIMITED)
FOXHILL PRIMARY SCHOOL
GOLCAR JUNIOR INFANTS & NURSERY SCHOOL
GREENHEAD COLLEGE
GREETLAND ACADEMY
GROUNDWORK WAKEFIELD
HALIFAX HIGH
HALIFAX OPPORTUNITIES TRUST (CALDERDALE)
HANSON SCHOOL
HARDEN PRIMARY SCHOOL
HAWKSWORTH C E (VA) PRIMARY SCHOOL
HEBDEN ROYD TOWN COUNCIL
HECKMONDWIKE GRAMMAR SCHOOL ACADEMY
HEMSWORTH TOWN COUNCIL
HEPWORTH GALLERY TRUST
HIGH CRAGS ACADEMY
HILL TOP FIRST SCHOOL
HOLLINGWOOD PRIMARY SCHOOL
HOLLYBANK TRUST
HOLME VALLEY PARISH COUNCIL
HOLY FAMILY CATHOLIC (VA) PRIMARY SCHOOL
HOLY TRINITY ACADEMY
HOME FARM TRUST
HONLEY HIGH SCHOOL
HORBURY BRIDGE CE J & I SCHOOL
HORSFORTH SCHOOL ACADEMY
HORSFORTH TOWN COUNCIL

HORTON HOUSING ASSOCIATION (BRADFORD)
HORTON HOUSING ASSOCIATION (CSL)
HUDDERSFIELD NEW COLLEGE
HUDDERSFIELD UNIVERSITY
HUGH GAITSKELL PRIMARY SCHOOL TRUST
HUNSLET ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL
HUNSLET ST MARYS C E (VA) PRIMARY SCHOOL
I S S FACILITIES SERVICES LTD
I S S MEDICLEAN LTD
IGEN
ILKLEY GRAMMAR SCHOOL ACADEMY
ILKLEY PARISH COUNCIL
IMMACULATE HEART OF MARY CATHOLIC PRIMARY SCHOOL
INCOMMUNITIES
INITIAL CATERING SERVICES
INITIAL FACILITIES MANAGEMENT LTD
INNOVATE SERVICES LTD (CROSSFLATTS)
INNOVATE SERVICES LTD (PRIESTHORPE)
INSPIRE PARTNERSHIP MULTI ACADEMY TRUST
INTERACTION AND COMMUNICATION ACADEMY TRUST (HIGH PARK)
INTERSERVE (FACILITIES MANAGEMENT) LTD
INTERSERVE (FM) LTD (P.C.C FOR WEST YORKSHIRE)
INTERSERVE PROJECT SERVICES LTD
IQRA ACADEMY
JERRY CLAY LANE ACADEMY
JOHN SMEATON ACADEMY
JOSEPH NORTON ACADEMY
KEELHAM PRIMARY SCHOOL
KEEPMOAT PROPERTY SERVICES LTD
KEIGHLEY TOWN COUNCIL
KHALSA SCIENCE ACADEMY
KIDS
KILLINGHALL PRIMARY SCHOOL
KING JAMES SCHOOL
KIRKBURTON PARISH COUNCIL
KIRKLEES ACTIVE LEISURE
KIRKLEES COLLEGE
KIRKLEES NEIGHBOURHOOD HOUSING
KIRKSTALL ST STEPHENS C E (VA) PRIMARY SCHOOL
KNOTTINGLEY ST BOTOLPHS C OF E ACADEMY
LADY ELIZABETH HASTINGS
LAISTERDYKE LEADERSHIP ACADEMY
LANE END PRIMARY TRUST
LEARNING ACCORD MULTI ACADEMY TRUST
LEEDS BECKETT UNIVERSITY
LEEDS CC COUNCILLORS
LEEDS CENTRE FOR INTEGRATED LIVING
LEEDS CITIZENS ADVICE BUREAU
LEEDS CITY ACADEMY
LEEDS CITY COLLEGE
LEEDS COLLEGE OF ART & DESIGN
LEEDS COLLEGE OF BUILDING
LEEDS COLLEGE OF MUSIC
LEEDS EAST PRIMARY PARTNERSHIP TRUST
LEEDS GRANDE THEATRE & OPERA HOUSE
LEEDS GROUNDWORK TRUST
LEEDS HOUSING CONCERN
LEEDS INSTITUTE FOR THE BLIND
LEEDS JEWISH FREE SCHOOL
LEEDS MIND
LEEDS NORTH WEST EDUCATION PARTNERSHIP
LEEDS RACIAL EQUALITY COUNCIL
LEEDS TRINITY UNIVERSITY COLLEGE
LEODIS ACADEMIES TRUST
LIBERTY GAS OUTER WEST
LIBERTY GAS WEST
LIDGET GREEN COMMUNITY CO-OPERATIVE LEARNING TRUST
LIGHTCLIFFE CE J&I SCHOOL
LIGHTHOUSE SCHOOL
LINDLEY C E INFANT ACADEMY
LINDLEY JUNIOR SCHOOL ACADEMY
LOCALA
LOCALA (CALDERDALE)
LONGROYDE JUNIOR SCHOOL
LPM CLEANING LTD
MAKING SPACE
MANSTON ST JAMES ACADEMY
MAST ACADEMY TRUST
MEANWOOD C E (VA) PRIMARY SCHOOL
MEARS FACILITIES SERVICES (SOUTH)
MEARS FACILITIES SERVICES (WEST)
MEARS LTD
MELLORS CATERING SERVICES (SOUTHFIELD GRANGE)
MELTHAM TOWN COUNCIL
MENSTON PARISH COUNCIL
MICKLEFIELD PARISH COUNCIL
MIDDLETON PRIMARY SCHOOL TRUST
MINSTHORPE ACADEMY TRUST
MIRFIELD FREE GRAMMAR ACADEMY
MITIE (PFI LTD)
MITIE PEST CONTROL
MOOR END ACADEMY TRUST
MORLEY TOWN COUNCIL
MOUNT ST MARYS CATHOLIC HIGH SCHOOL
MOUNTAIN HEALTHCARE LTD (W Y POLICE)
MYRTLE PARK PRIMARY SCHOOL
N I C SERVICES GROUP LTD (COOKRIDGE HOLY TRINITY SCHOOL)
N.I.C. SERVICES GROUP LIMITED (MIDDLETON ST MARYS LEEDS)
NATIONAL ASSEMBLY FOR WALES
NATIONAL COAL MINING MUSEUM
NEW COLLABORATIVE LEARNING TRUST
NEW COLLEGE PONTEFRACT
NIC SERVICES GROUP LTD
NORMANTON TOWN COUNCIL
NORTH HALIFAX GRAMMAR ACADEMY
NORTH HALIFAX PARTNERSHIP LTD

NORTH HUDDERSFIELD TRUST SCHOOL
NORTH KIRKLEES CAB
NORTHERN EDUCATION TRUST
NORTHERN SCHOOL OF CONTEMPORARY DANCE
NORTHORPE HALL TRUST
NOTRE DAME 6TH FORM COLLEGE
NPS LEEDS LIMITED
OASIS ACADEMY LISTER PARK
OFSTED
OLD EARTH ACADEMY
ONE IN A MILLION FREE SCHOOL
OPEN COLLEGE NETWORK YHR
OSSETT ACADEMY & 6TH FORM COLLEGE
OSSETT PENSION (TRUST)
OTLEY TOWN COUNCIL
OUR LADY OF GOOD COUNSEL CATHOLIC PRIMARY SCHOOL
OUTWOOD GRANGE ACADEMY
OUTWOOD PRIMARY ACADEMY KIRKHAMGATE
OUTWOOD PRIMARY ACADEMY LEDGER LANE
OUTWOOD PRIMARY ACADEMY LOFTHOUSE GATE
PADDOCK JUNIOR INFANT AND NURSERY SCHOOL
PARK LANE LEARNING TRUST
PINNACLE BUSINESS SERVICES (LEEDS)
PINNACLE LTD (KIRKLEES)
PONTEFRACT ACADEMIES TRUST
POOL PARISH COUNCIL
POSSABILITIES CIC
PRIESTHORPE SCHOOL TRUST
PRIESTLEY ACADEMY TRUST
PRIMROSE LANE PRIMARY FOUNDATION SCHOOL
PRINCE HENRYS GRAMMAR
PROSPECTS SERVICES (BRADFORD 3)
PROV COMPASS CONTRACT SERVICES (SPTA)
PROV TNS CATERING (SPTA)
PROV TNS CATERING MAN LTD (ST BOTOLPHS)
PUDSEY GRANGEFIELD TRUST
PUDSEY SOUTHROYD PRIMARY SCHOOL TRUST
RAINBOW PRIMARY FREE SCHOOL
RASTRICK HIGH SCHOOL ACADEMY TRUST
RAWDON PARISH COUNCIL
REEVY HILL PRIMARY SCHOOL
RIDGE CREST CLEANING LTD
RIPON DIOCESAN C OF E COUNCIL FOR SOCIAL AID-CARDIGAN HOUSE
RIPON HOUSE
RM EDUCATION PLC
RODILLIAN ACADEMY
ROOKS NEST ACADEMY
ROTHWELL CHURCH OF ENGLAND PRIMARY ACADEMY
ROTHWELL ST MARYS CATHOLIC (VA) PRIMARY SCHOOL
ROUNDHAY ST JOHNS C E (VA) PRIMARY SCHOOL
ROYDS COMMUNITY ASSOCIATION
ROYDS HALL TRUST SCHOOL
ROYDS LEARNING TRUST
RUSSELL HALL FIRST SCHOOL
RYBURN VALLEY ACADEMY
RYHILL PARISH COUNCIL
SACRED HEART CATHOLIC (VA) PRIMARY SCHOOL
SALENDINE NOOK ACADEMY TRUST
SALTERLEE ACADEMY TUST
SAMUEL LISTER ACADEMY
SCHOOL PARTNERSHIP TRUST ACADEMIES
SCHOOLS LETTINGS SOLUTIONS (FREESTON ACADEMY)
SCOUT ROAD ACADEMY
SEA FISH INDUSTRY
SEACROFT GRANGE PRIMARY SCHOOL
SERVEST BBG ACADEMY
SHANKS WASTE MANAGEMENT LTD
SHARE MULTI ACADEMIES TRUST
SHIBDEN HEAD PRIMARY ACADEMY
SHIPLEY COLLEGE
SHIRLEY MANOR PRIMARY ACADEMY
SITLINGTON PARISH COUNCIL
SKILLS FOR CARE
SOUTH ELMSALL TOWN COUNCIL
SOUTH HIENDLEY PARISH COUNCIL
SOUTH KIRBY & MOORTHORPE TOWN COUNCIL
SOUTH OSEET INFANTS
SOUTHERN ELECTRIC
SOUTHFIELD GRANGE TRUST
SOUTHWAY AT THE RODILLIAN ACADEMY LTD
SPEN VALLEY FOUNDATION TRUST
SPIE LTD
SPRINGWELL ACADEMY LEEDS
ST ANNES COMMUNITY SERVICES
ST ANNES COMMUNITY SERVICES (BRADFORD)
ST ANTHONYS CATHOLIC (VA) PRIMARY SCHOOL
ST AUGUSTINES CATHOLIC PRIMARY SCHOOL
ST CHADS C OF E PRIMARY SCHOOL
ST EDWARDS CATHOLIC (VA) PRIMARY SCHOOL
ST FRANCIS CATHOLIC PRIMARY SCHOOL
ST FRANCIS OF ASSISI CATHOLIC (VA) PRIMARY SCHOOL
ST GILES CHURCH OF ENGLAND ACADEMY
ST GREGORY THE GREAT CATHOLIC ACADEMY TRUST
ST JOHN'S (CE) PRIMARY ACADEMY TRUST
ST JOHNS CE PRIMARY SCHOOL
ST JOHNS HOSTEL
ST JOHNS PRIMARY ACADEMY RISHWORTH
ST JOSEPHS CATHOLIC (VA) PRIMARY SCHOOL WETHERBY
ST MATTHEWS C E PRIMARY SCHOOL
ST MICHAEL & ALL ANGELS SCHOOL
ST NICHOLAS CATHOLIC PRIMARY SCHOOL
ST OSWALDS CHURCH OF ENGLAND PRIMARY SCHOOL
ST PATRICKS CATHOLIC (VA) PRIMARY SCHOOL
ST PAULS CATHOLIC (VA) PRIMARY SCHOOL
ST PETERS C E PRIMARY SCHOOL
ST PHILIPS CATHOLIC PRIMARY SCHOOL

ST THERESAS CATHOLIC PRIMARY SCHOOL
ST URBANS CATHOLIC (VA) PRIMARY SCHOOL
ST VINCENT DE PAUL SOCIETY
SUEZ RECYCLING AND RECOVERY UK LIMITED
SWALLOW HILL COMMUNITY COLLEGE ACADEMY
TAYLOR SHAW
TAYLOR SHAW LIMITED (GORSE ACADEMIES TRUST)
TAYLOR SHAW LTD (BATLEY GIRLS HIGH SCHOOL)
TAYLOR SHAW LTD (FIELDHEAD GRIMES MANSTON)
TAYLOR SHAW LTD (PARKLANDS PRIMARY)
TAYLORSHAW LTD (COOKRIDGE HOLY TRINITY SCHOOL)
TAYLORSHAW LTD (CROSSGATES BEECHWOOD WHITELAITH)
TAYLORSHAW LTD (INTERSERVE CRAWSHAW)
TAYLORSHAW LTD (SWARCLIFFE PRIMARY SCHOOL)
TEMPLE LEARNING ACADEMY
TEMPLE NEWSAM LEARNING PARTNERSHIP
THE ANAH PROJECT
THE BECKFOOT & HAZELBECK ACADEMY TRUST
THE BISHOP KONSTANT CATHOLIC TRUST
THE CATHEDRAL C of E
THE CROSSLEY HEATH ACADEMY TRUST
THE GORSE ACADEMIES TRUST
THE JOHN CURWEN CO-OPERATIVE PRIMARY ACADEMY
THE LANTERN LEARNING TRUST
THE POLICE & CRIME COMMISSIONER FOR WEST YORKSHIRE
THORNBURY ACADEMY
THORNHILL COMMUNITY ACADEMY
THORNHILL JUNIOR AND INFANT SCHOOL
THORNTON PRIMARY SCHOOL
THORP ARCH LADY ELIZABETH HASTINGS C E (VA) PRIMARY SCHOOL
TODMORDEN TOWN COUNCIL
TOGETHER HOUSING ASSOCIATION LTD (GREENVALE)
TOGETHER HOUSING ASSOCIATION LTD (PENNINNE)
TONG LEADERSHIP ACADEMY
TRINITY ACADEMY HALIFAX
TURNING POINT
TURNING POINT (WAKEFIELD)
UNITED RESPONSE
UNIVERSITY ACADEMY KEIGHLEY
UNIVERSITY TECHNICHAL COLLEGE LEEDS
VICTORIA PRIMARY ACADEMY
WAKEFIELD & DISTRICT HOUSING
WAKEFIELD CITY ACADEMIES TRUST
WAKEFIELD CITY ACADEMY
WAKEFIELD COLLEGE
WAKEFIELD COUNCILLORS
WATERTON ACADEMY TRUST
WEST NORTH WEST HOMES LEEDS
WEST VALE PRIMARY SCHOOL
WEST YORKSHIRE COMBINED AUTHORITY
WESTBOROUGH HIGH SCHOOL
WESTWOOD PRIMARY SCHOOL TRUST
WETHERBY TOWN COUNCIL
WHINMOOR ST PAULS C E PRIMARY SCHOOL
WHITEHILL COMMUNITY ACADEMY
WILLIAM HENRY SMITH SCHOOL
WILSDEN PRIMARY SCHOOL
WOLSELEY UK LTD
WOODHOUSE GROVE SCHOOL
WOODSIDE ACADEMY
WORTH VALLEY PRIMARY SCHOOL
WRAT - LEEDS EAST ACADEMY
WRAT - LEEDS WEST ACADEMY
WY FIRE & RESCUE
WY POLICE CIVILIAN
YORKSHIRE HOUSING LTD
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 of 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 2017-18

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 2018 and up to the date of approval of the Statement of Accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2. The Governance Framework.

The systems and processes that comprise the Council's governance consist of the following key elements:

2.1 Code of Corporate Governance.

The Council has undertaken a comprehensive revision of its Code of Corporate Governance in line with the seven core principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Evidence supporting compliance with the new Code has been gathered from departments and top management. Further actions have been identified to reinforce compliance particularly in respect of stakeholder engagement, sustainability and risk management.

2.2 The Constitution of the Council

The Constitution, reviewed at Annual Council, provides the framework within which the Executive takes decisions in discharge of the Council's functions, subject to the examination of a number of Overview and Scrutiny Committees. The Executive is collectively responsible for the decisions it makes and its decision making arrangements are designed to be open, transparent and accountable to local people.

3. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment. Confirmations have been obtained from Strategic Directors and the Chief Executive that reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations. They have been asked to confirm that risk management is embedded in their departments, provide a fraud risk assessment and to report, on a three year rolling programme, the level of compliance with key controls that are set out in the Key Control Booklets.

The Council has in place a Governance and Audit Committee, independent of the Executive, to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the Council's control environment which are provided at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an Annual Internal Audit Opinion and report regularly to the Governance and Audit

Committee as prescribed by Public Sector Internal Audit Standards. 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 disclosing 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 2016/17 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 25th January 2018. The following sections give a brief update on these risks. Whilst some of these risks have been mitigated during the 2017/18 financial year a number of risks are continuing to be monitored and remain high profile in 2018/19. A number of new governance challenges have also been recognised through the year.

5. Governance challenges previously recognised for which monitoring arrangements and adaptations of the governance framework are now complete.

A number of governance issues which were featured in the 2016/17 Annual Governance Statement as being of concern in the year have been monitored and whilst there may be on-going issues around them these are not of a specifically governance nature. The challenges listed below will not be monitored in 2018/19 from this perspective.

- Establishing sound governance structures pertaining to the West Yorkshire Combined Authority.
- Impact on governance structures arising from developing policies for the delivery of regional devolution.
- Implications of the European Union referendum.
- Handling of objections or resistance to the implementation of decisions already taken, typically through the budget process.

6. Governance challenges previously recognised which require continuing review in 2018/19

6.1 Safeguarding Vulnerable Children

Demand levels for social care continue to rise and there are now over 1000 Looked After Children. This is putting pressure on social work delivery exacerbated by difficulties in recruiting good agency staff. A recruitment plan is in place, but there are short term challenges in finding staff of the required quality. Political scrutiny remains rigorous and the Bradford Children Safeguarding Board has continued to monitor the safeguarding arrangements. External challenge is being provided through a mock inspection from an ex HMI, and an audit centre and a number of actions have arisen from this.

6.2 Ensuring an effective, integrated system of health and social care

"Section 75" arrangements are in place for management of the Better Care Fund and other aspects of joint health and care commissioning. These arrangements are managed via the Executive Commissioning Board, reporting to the Health and Wellbeing Board.

Integrated care delivery, via locality models, is being developed through two health and care partnerships for Airedale, Wharfedale and Craven, and for Bradford, with active participation by local authority teams. Arrangements are supported by partnership agreements reviewed and refreshed in April 2018. These are aligned with regional developments via Integration and Change Board which also reports to the Health and Wellbeing Board.

The approach to health and care system governance has been endorsed by CQC local, place based review in March 2018.

6.3 Procurement Arrangements

A number of procurement issues occurred through the year which had to be investigated and the impact of them assessed. Training for Senior Leadership Team has been carried out and a training and awareness development programme for managers has been created that will be rolled out during 2018/19.

6.4 Maintenance of Council Core Systems

The implementation of the budgetary reductions and the need to protect front line services has led to the Council finding it more difficult to resource and update some of the Council's management systems such as risk and health and safety. Whilst improvements have been implemented securing compliance across the Council remains a challenge.

Human Resources, through the Occupational Safety Section, continue to review, update and improve safety management processes. A review of the service to closer align activity and resource with corporate objectives is nearly concluded and will result in changes to roles. The new electronic accident reporting system is now embedded and the data from this is being increasingly used to identify trends and actions required to minimise risks. A new Health and Safety Review process is currently being piloted to allow managers to assess compliance with health and safety requirements and to identify areas where further action is needed. Regular update reports are provided to CMT on Health and Safety to keep top management appraised of the effectiveness of the organisation's safety management and to ask for decisions on key issues.

Further work on risk management has continued which has seen a refresh of the risk coordinator network, a risk reporting timetable established for the Council Management Team and consolidation of the departmental risk registers.

7. New 2018/19 Governance Challenges

The new governance challenges detailed below will be reviewed through the 2018/19 financial year and progress against them will be reported to the Governance and Audit Committee.

7.1 The Council will need to make further progress on the Local Government Peer Review improvements and the decisions of the Council's Outcome Boards.

7.2 Ensure the new consultation toolkit for the quality assurance of consultation processes is embedded in services.

7.3 The implementation of the General Data Protection Regulations across the Council.

7.4 During January 2018, the Council's Internal Audit function was peer reviewed by colleagues from Doncaster Council to assess compliance with the Public Sector Internal Audit Standards (PSIAS). The review found that the Internal Audit service was rated as 'partially conforms' against the standards and provided the Council with fifteen recommended actions for improvement.

8. 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 (LGPS) Regulations 2013 (Regulation 55) and its predecessor, Regulation 31 of the LGPS 2008.

The Governance and Audit Committee has legal and strategic responsibility for the WYPF. The Council has established three 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 Pension Board

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 Chief Finance Officer from one of the West Yorkshire District Councils sits on the Panel on a two year rotational basis.

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 WYPF Pension Board's role is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS including:

- securing compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS;
- securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator;
- any other such matters as the LGPS regulations may specify.

The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- ☐ 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 2018.

9. Statement

We are satisfied that an effective system of internal control has been in place throughout the financial year and is ongoing. Over the coming year we propose to take steps to address the challenges identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: ………………………………………………………………………………

Councillor Susan Hinchcliffe, Leader of Council

Signed: ………………………………………………………………………………

Kersten England, Chief ExecutiveScope and Purpose